

Exhibit 20

**INS 2013 Tariff Filing
(filed June 17, 2013)**



Fletcher, Heald & Hildreth

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**Filed Pursuant to
§ 204(a)(3) of the
Communications Act
on 15 Days' Notice**

June 17, 2013

SUBMITTED ELECTRONICALLY

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Attention: Wireline Competition Bureau

Transmittal No. 30

FRN: 0002-5807-10
Iowa Network Services, Inc.

FRN: 0005-0110-69
Fletcher, Heald & Hildreth

Dear Ms. Dortch:

The accompanying 2013 Annual Access Tariff Filing of Iowa Network Services, Inc. ("INS"), effective July 2, 2013, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This tariff filing consists of the following Check Sheets:

Tariff F.C.C. No.
1

Check Sheet Revision No.
26th Revised Page 1
11th Revised Page 1.1

This 2013 Annual Access Tariff Filing is filed in accordance with the procedures set forth in *July 2, 2013 Annual Access Charge Tariff Filings, Order*, DA 13-553 (rel. March 26, 2013) (the "*Tariff Order*") and includes cost support required by *Material to be Filed in Support of*

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2013 Annual Access Tariff Filings, DA 13-789 (rel. April 19, 2013). Pursuant to the attached study for the test period ending June 30, 2014, INS is adjusting its switched transport rate.

As required by the *Tariff Order*, INS is submitting its 2013 Annual Tariff Review Plan and associated tariff changes electronically, using the Commission's Electronic Tariff Filing System ("ETFS"). The required Form 159 and statutory processing fee in the amount of \$845.00 are also being transmitted electronically today via the FCC's Fee Filer System.

Should you have any questions concerning this matter, please contact James U. Troup at (703) 812-0511. Petitions or comments should be faxed to (703) 812-0486.

Sincerely,



James U. Troup

Counsel for
Iowa Network Services, Inc.

Attachments

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
26th Revised Page 1
Cancels 25th Revised Page 1

CENTRALIZED EQUAL ACCESS SERVICE

CHECK SHEET

Title Page 1 and Page 1 to 188 and Supplement No. 7, inclusive, of this tariff are effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date hereof.

Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated
1*	26th	28	1st	54	Original	79	Original
1.1*	11th	29	1st	55	Original	80	Original
2	1st	30	Original	56	1st	81	Original
3	Original	31	Original	57	Original	82	Original
4	1st	32	Original	58	1st	83	2nd
5	3rd	33	1st	59	1st	84	1st
6	3rd	34	Original	60	Original	85	1st
7	1st	35	Original	61	3rd	86	2nd
8	1st	36	Original	61.1	Original	87	1st
9	Original	37	2nd	62	1st	87.1	Original
10	1st	38	1st	63	3rd	88	4th
11	2nd	39	3rd	63.1	1st	88.1	Original
12	2nd	40	3rd	64	1st	88.2	Original
13	6th	40.1	Original	64.1	2nd	89	4th
13.1	1st	41	Original	65	2nd	89.1	1st
14	1st	42	1st	66	Original	89.2	1st
15	1st	43	3rd	67	Original	89.3	1st
16	2nd	43.1	Original	68	Original	89.4	1st
17	Original	44	Original	69	1st	90	2nd
18	Original	45	1st	69.1	1st	91	Original
19	1st	46	1st	70	Original	92	2nd
20	1st	46.1	Original	71	Original	93	2nd
21	2nd	47	Original	72	3rd	94	1st
21.1	1st	48	Original	72.1	1st	95	1st
22	Original	49	Original	73	1st	96	1st
23	Original	50	1st	74	Original	97	1st
24	Original	51	2nd	75	Original	98	1st
25	Original	52	2nd	76	1st		
26	Original	53	2nd	77	Original		
27	Original	53.1	Original	78	1st		

* New or Revised page

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Effective: July 2, 2013

4201 Corporate Drive
West Des Moines, Iowa 50266-5906

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PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
11th Revised Page 1.1
Cancels 10th Revised Page 1.1

CENTRALIZED EQUAL ACCESS SERVICE

CHECK SHEET

Title Page 1 and Page 1 to 188 and Supplement No. 7, inclusive, of this tariff are effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date hereof.

Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated	Page	Number of Revision Except as Indicated
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100	1st	124	1st	147.1	Original	173	1st
101	1st	125	1st	148	3rd	174	1st
102	Original	126	Original	149	3rd	175	Original
103	Original	127	Original	149.1	Original	176	Original
104	2nd	128	Original	150	3rd	177	1st
105	1st	129	1st	151	3rd	178	1st
105.1	1st	129.1	1st	151.1	1st	179	Original
105.2	1st	130	1st	152	2nd	180	1st
105.3	Original	131	Original	153	3rd	181	1st
106	Original	132	2nd	153.1	1st	182	Original
107	Original	133	Original	154	2nd	183	Original
108	2nd	134	1st	155	3rd	184	Original
109	Original	135	1st	156	2nd	185	Original
110	Original	136	2nd	157	Original	186	Original
111	Original	136.1	2nd	158	Original	187	Original
112	1st	136.1.1	Original	159	Original	188	Original
113	1st	136.2	1st	160	Original		
114	1st	137	1st	161	Original		
115	1st	138	2nd	162	Original		
116	1st	139	1st	163	Original		
117	Original	140	2nd	164	Original		
118	1st	140.1	Original	165	Original		
118.1	Original	141	1st	166	Original		
119	1st	142	3rd	167	Original		
120	1st	143	Original	168	Original		
120.1	2nd	144	Original	169	Original		
121	1st	145*	12th	170	Original		
122	Original	146	Original	171	Original		

* New or Revised page

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4201 Corporate Drive
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IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
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CENTRALIZED EQUAL ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Switched Transport

(A) Rate

Rate
Per Access Minute

\$ 0.00896 (I)

Rate
Per Call Blocked

(B) Network Blocking Charge + \$ 0.0070

(C) Nonrecurring Charges

(1) Installation

Rate
Per Trunk

Activation of the first
trunk or SNAC contained
in the order \$ 514.68

Activation of each
additional trunk or SNAC
contained in an order \$ 12.55

(2) Interim NXX Translation

Rate
Per Order

Activation or deactivation
of the first NXX code
contained in an order \$ 213.70

Activation or deactivation
of each additional NXX code
contained in an order \$ 23.81

+Applies to FGD

{00536681-1

}

Issued: June 17, 2013

Effective: July 2, 2013

4201 Corporate Drive
West Des Moines, Iowa 50266-5906

AUREON_01690

IOWA NETWORK SERVICES, INC.

IOWA NETWORK ACCESS DIVISION

DESCRIPTION AND JUSTIFICATION

COST SUPPORT MATERIAL

TARIFF REVIEW PLAN

JULY 2, 2013 ANNUAL ACCESS CHARGE TARIFF FILING

JUNE 17, 2013

IOWA NETWORK ACCESS DIVISION

INTERSTATE ACCESS TARIFF FILING

**PROSPECTIVE PERIOD
JULY 2, 2013 - JUNE 30, 2014**

INDEX

Section	Description
	Transmittal Letter
1	Introduction, Overview and Rate Development
2	Development of Switched Transport Charge and Study Period Projected Access Minutes
3	Projected Revenue Requirement Summary - Total Interstate (Part 69)
4	Projected Part 36 Revenue Requirement Summary
5	Projected Part 64 Revenue Requirement Summary
6	Tariff Review Plan (TRP)

IOWA NETWORK ACCESS DIVISION

INTRODUCTION, OVERVIEW AND RATE DEVELOPMENT

INTRODUCTION

This filing supports revisions to Iowa Network Access Division Tariff F.C.C. No. 1 in accordance with the Federal Communications Commission's (FCC) Order, In the Matter of July 2, 2013 Annual Access Charge Tariff Filings, DA 13-553, WC Docket No. 13-76 (released March 26, 2013). This Order establishes procedures for the 2013 filing of annual access charge tariffs and Tariff Review Plans (TRPs) for incumbent local exchange carriers (ILECs) subject to price caps, as well as rate of return ILECs subject to Section 61.39 of the Commission's rules¹ and those carriers subject to Section 61.38 of the Commission's rules that are either required to or choose to revise their Access Recovery Charge (ARC) and/or revise their rates.² The requirements for summary cost material to support the annual access charge filings to be submitted on or before June 17, 2013 are presented in the Commission's Order, In the Matter of Material to be Filed in Support of 2013 Annual Access Tariff Filings, DA 13-789, WC Docket No. 13-76 (released April 19, 2013).

This 2013 Annual Access Charge Tariff Filing covers the scheduled effective period from July 2, 2013 through June 30, 2014. This documentation volume contains the introduction, overview, rate development narrative, access rate development and corresponding cost support material to be filed with the FCC on June 17, 2013.

OVERVIEW

Schedule A of Section 2 presents a summary of the proposed rate to be effective July 2, 2013. Iowa Network Access Division ("INAD") proposes to increase its existing switched transport rate from its existing rate of \$0.00623 per minute of use to a rate of \$0.00896 effective July 2, 2013. The Company's proposed switched transport rate of \$0.00896 per access minute is projected to generate switched transport revenues of \$26,212,794 resulting in a return of 10.79% on interstate investments for the projected twelve-month period ending June 30, 2014.

For the year 2012, INAD's regulated revenue from interstate access services amounted to \$25,537,382 which resulted in a return of 64.57% on its interstate investment. INAD is currently projecting a loss for the year 2013 which will offset the overearnings for the year 2012. For the 2010/2011 monitoring period, INAD experienced a return of 9.45%. During this period, the FCC

¹ 47 C.F.R. § 61.39 (rate of return carriers that file tariffs based on historical costs and demand).

² 47 C.F.R. § 51.915(e) and 61.38 (rate of return carriers that file tariffs based on projected costs and demand).

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authorized a maximum rate of return for interstate access operations of 11.50% with a target of 11.25%.

Interstate access minutes declined at the rate of 7.54% during 2012 to 3,544,392,104 from 3,833,504,867 in 2011. During the year 2011, INAD recorded interstate traffic growth of 4.17% over the year 2010. For the year 2012, INAD began experiencing reductions in MOUs when compared with historical MOUs reflected during 2011. For the test period ending June 30, 2013, INAD projected interstate access minutes of 3,339,631,164 reflecting a decrease of 5.78% from the year 2012. For the test period ending June 30, 2014, INAD is projecting interstate access minutes of 2,925,535,070, representing a decrease of 12.40% from projected access minutes of 3,339,631,164 for the projected period ending June 30, 2013. The decrease in interstate traffic for the projected test period results primarily from continued reductions in interstate access minutes by independent local exchange carriers that originate or terminate calls over the INS network. In its 2012 annual access tariff filing, NECA forecast a reduction in interstate switched access traffic of 11.9% for the 2012-2013 test period. INAD anticipates that NECA will report further reductions in interstate switched access minutes in its 2013 annual access tariff filing. As most of the local exchange carriers that originate or terminate traffic over the INS network are NECA members, INS' traffic volume will be impacted by the reduction in traffic that those local exchange carriers expect to exchange with interexchange carriers using INS' network.

Over the years, Iowa Network Services, Inc. ("INS") has implemented a state of the art fiber network throughout the state of Iowa that is being used to provide equal access services to interexchange carriers serving nearly all rural Independent Local Exchange Carriers (ILECs) in the state. This state of the art network provides full switching and transport redundancy for interexchange carriers serving rural Iowa. As this network ages, INS has plans to upgrade its fiber routes and electronics to bring newer technologies and increased capacity in areas where needed. Approximately \$20.3 million has been expended since 2010³ and an additional \$22.5 million is planned for 2013.

During 2007, INAD began to experience an increase in its uncollectible revenues from an Interexchange Carrier ("IXC") as a result of billing disputes over the classification and quantification of interstate access minutes related to high volume traffic terminated by the IXC to ILEC locations in Iowa. The disputed traffic is being terminated by the IXC to ILEC locations in Iowa using the equal access network of INAD. During the year 2012, INAD recorded a provision for uncollectibles relating to the interstate billing for this traffic in the amount of \$4,881,005. INAD continues to bill the IXC for all traffic terminated over its network and includes this disputed traffic in its minute of use and revenue projections for the twelve month period ending June 30, 2014. The interstate provision for uncollectibles related to this traffic is estimated to be \$3,961,008 and is reflected in INAD's cost of operations for the projected period ending June 30, 2014.

INAD's proposed tariff rate of \$0.00896 is targeted to generate a return of 10.79% on investment for the projected test period ended June 30, 2014. INAD's cost support material has

³ Plant additions amounted to \$7.1 million in 2011 and \$13.2 million in 2012.

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been developed using procedures prescribed by the Federal Communications Commission as follows:

- A) Financial reporting is in accordance with the Uniform Systems of Accounts and Financial Reporting Requirements of Class A and Class B Telephone Companies, CC Docket 78-196 (Part 32 Order) and all subsequent revisions to the rules adopted through the period June 15, 2013.
- B) Jurisdictional allocation is in accordance with Federal Communications Commission's Rules adopted in CC Docket Nos. 78-72, 80-286, 86-297 and FCC Docket 87-134 released August 18, 1987 (Part 36 Order) and all subsequent revisions to the rules adopted through the period June 15, 2013.
- C) Access rate development is performed in accordance with CC Docket No. 87-113 released August 18, 1987 (Part 69 Conformance Notice) and subsequent modifications to the extent applicable to INAD including CC Docket No. 00-256, Second Report and Order and Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001), (“Rate-of-Return Access Charge Reform Order”) and WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel Nov. 18, 2011) (“USF/ICC Transformation Order”).

The proposed access service tariff maintains the method of charging for interstate access by major rate element. INAD proposes a centralized equal access switched transport rate of \$0.00896 and anticipates this rate will remain in effect through June 30, 2014.

RATE DEVELOPMENT

Development of cost support as contained in the tariff filing was accomplished as follows:

- 1) Projection of test period investment, revenue and expense was determined based on the best estimates of management using fixed, known and measurable amounts from the 2013 and 2014 operating budgets of Iowa Network Services, Inc. (“INS”) and INAD. Anticipated changes in investments and reserves were reflected in conjunction with INS and INAD's ongoing construction and modernization programs. INAD revenues were adjusted to reflect the projected decrease in access minutes during the test period from the year 2012.
- 2) Projection of the test period INAD revenue requirement was accomplished using FCC Part 64 cost allocation procedures applied to total company projected investment and expense amounts determined in (1) above. INAD's revenue requirement summary data is contained in Section 5 of the cost support material.

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- 3) Projection of the test period interstate access revenue requirement was accomplished using Parts 36/69 separation procedures applied to projected total INAD investment and expense amounts determined in (2) above. INAD's interstate access revenue requirement was determined using a return on investment of 11.25% which reflects the rate of return currently authorized by the FCC for interstate ratemaking purposes. The summary Part 36 and Part 69 revenue requirements are contained in Sections 3 and 4 of the cost support material.
- 4) Projected interstate access minutes for the period ending June 30, 2014 reflect a decrease of 17.46% from the historical period ending December 31, 2012. Interstate access minutes for the period ending June 30, 2014 are projected to be 2,925,535,070 compared to 3,339,631,164 for the projected period ending June 30, 2013 and 3,544,392,104 for the actual period ended December 31, 2012. Projected access minutes for the test period ending June 30, 2014 are presented on Schedule B following. The decrease in test period projected interstate access minutes from actual interstate access minutes for the year 2012 results primarily from anticipated decreases in traffic exchanged between interexchange carriers and independent local exchange carriers carried over the INS network that are being recovered through access charges billed to long distance companies. In its 2012 annual access tariff filing, NECA forecast a reduction in interstate switched access traffic of 11.9% during the 2012-2013 test period. INAD anticipates that NECA will report further reductions in interstate switched access minutes in its 2013 annual access tariff filing. As most of the local exchange carriers that originate or terminate traffic over the INS network are NECA members, INS' traffic volume will be impacted by the reduction in traffic that those local exchange carriers expect to deliver to INS' network. INAD's projected change in access minutes for the test period ending June 30, 2014 appears to be consistent with changes being recognized by NECA and other telecommunication service providers in the industry during the time periods reflected above.
- 5) INAD's interstate access revenue requirement determined in (3) above for the projected period ending June 30, 2014 amounts to \$26,254,447 and is presented in Section 3 of the cost support material. The interstate revenue requirement was reduced by the amount of projected interstate revenues from nonrecurring charges of \$25,450 to arrive at the amount of \$26,228,997 representing the target revenue requirement to be recovered from the recurring centralized equal access switched transport rate. INAD's revenue requirement reflects an increase in transport costs that INS will incur to transport the traffic of interexchange carriers the additional mileage resulting from the Commission's decision in *AT&T Corp. v. Alpine Communications, LLC*, 27 FCC Rcd 11511 (2012), *recon. denied* 27 FCC Rcd 16606 (2012).
- 6) The allowable projected switched transport charge supported by the projected costs of INAD is determined by dividing the remaining interstate revenue

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requirement of \$26,228,997 determined in (5) above by projected test period access minutes of 2,925,535,070 determined in (4) above resulting in a cost of \$0.00896 per access minute. An analysis of the development of the allowable interstate switched transport rate is presented on Schedule A in Section 2. INAD proposes to increase its existing interstate switched transport rate of \$0.00623 to the rate of \$0.00896 effective for access billings on July 2, 2013.

SUMMARY

The 2013 annual access tariff filing is supplemented by the enclosed cost support material. Schedule A reflects INAD's existing switched transport charge of \$0.00623 compared with its supported rate of \$0.00896. Through this filing, INAD proposes to increase its existing switched transport charge of \$0.00623 to the supported rate of \$0.00896 based on the test period ending June 30, 2014. The proposed rate of \$0.00896 will become effective for access billings on July 2, 2013. The proposed switched transport charge will produce revenues that will generate a rate of return on investment of 10.79 % for the projected test period ended June 30, 2014.

Included in the cost support material are schedules depicting projected investment and expense data, demand quantities, jurisdictional cost allocations and rate calculations for the projected twelve-month period ending June 30, 2014. Cost and revenue data for the historical period from January 1 through December 31, 2012 is contained in the Company's Tariff Review Plan (TRP) which has been filed under separate cover.

This filing is presented to comply with the Commission's Orders, July 2, 2013 Annual Access Charge Tariff Filings, DA 13-553, and Material to be Filed in Support of 2013 Annual Access Tariff Filings, DA 13-76, establishing the Tariff Review Plan (TRP) schedules to be filed in support of the annual access charge tariff filing. With this filing, INAD proposes to increase its switched transport charge from the existing rate of \$0.00623 to the proposed rate of \$0.00896 effective July 2, 2013 through June 30, 2014.

TARIFF REVIEW PLAN

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Certification	

CERTIFICATION

I certify that I am Chief Operations Officer of Iowa Network Services, Inc., have overall responsibility for the preparation of the 2013 Annual Access Charge Tariff Filing, and am authorized to execute this certification. Based upon information provided to me by employees or outside accountants responsible for the preparation of, or for supervision of the preparation of, the data submitted in support of the rates contained in the proposed tariff, I hereby certify that the data have been examined and reviewed and are true, correct and complete.

6/17/13
June 17, 2013


Michael S. Eggley
IOWA NETWORK SERVICES, INC.

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
 IOWA NETWORK ACCESS DIVISION
 INTERSTATE ACCESS RATE DEVELOPMENT
 TRANSMITTAL NO. 30
 PROJECTED TEST PERIOD ENDED

6/30/2014

SECTION 2
 SCHEDULE A

	SOURCE	CURRENT RATE	COST SUPPORT	DIFFERENCE
1 SWITCHED TRANSPORT RATE	(BELOW)	\$0.00623	\$0.00896	\$0.00273
2 STUDY PERIOD ACCESS MINUTES	SCHEDULE B	<u>2,925,535,070</u>	<u>2,925,535,070</u>	
3 STUDY PERIOD ACCESS REVENUE	LN 1*LN 2	<u>\$18,226,083</u>	<u>\$26,212,794</u>	<u>\$7,986,711</u>

ACCESS RATE DEVELOPMENT

	SOURCE	AMOUNT
4 PROJECTED REVENUE REQUIREMENT	SECTION 4	\$26,254,447 (1)
5 LESS: MISCELLANEOUS REVENUE	RECORDS	<u>25,450</u>
7 ACCESS REVENUE REQUIREMENT	LN 4-LN 5	\$26,228,997
8 PROJECTED ACCESS MINUTES	SCHEDULE B	<u>2,925,535,070</u>
9 PROJECTED ACCESS RATE PER MOU	LN 4/LN 5	<u>\$0.00896</u>

(1) - Includes bad debt expense of \$3,961,008

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
 IOWA NETWORK ACCESS DIVISION
 EQUAL ACCESS MOU SUMMARY
 TRANSMITTAL NO. 30
 PROJECTED TEST PERIOD ENDED

6/30/2014

SECTION 2
 SCHEDULE B

PRO FORMA ALL CARRIERS	DAYS	TOTAL INTERSTATE		
		ORIGINATING MINUTES	TERMINATING MINUTES	REVENUES
7/1/2013 - 7/31/2013	31	24,999,984	257,217,846	\$2,528,671.76
8/1/2013 - 8/31/2013	31	23,444,850	241,217,509	\$2,371,374.74
9/1/2013 - 9/30/2013	30	22,036,323	226,725,561	\$2,228,906.48
10/1/2013 - 10/31/2013	31	22,325,900	229,704,940	\$2,258,196.32
11/1/2013 - 11/30/2013	30	21,279,392	218,937,718	\$2,152,345.31
12/1/2013 - 12/31/2013	31	21,730,334	223,577,332	\$2,197,956.69
1/1/2014 - 1/31/2014	31	21,510,940	221,320,048	\$2,175,765.65
2/1/2014 - 2/28/2014	28	19,261,358	198,174,729	\$1,948,227.34
3/1/2014 - 3/31/2014	31	21,177,825	217,892,716	\$2,142,072.04
4/1/2014 - 4/30/2014	30	20,355,717	209,434,274	\$2,058,918.31
5/1/2014 - 5/31/2014	31	20,909,849	215,135,592	\$2,114,967.15
6/1/2014 - 6/30/2014	30	20,123,125	207,041,209	\$2,035,392.43
TOTAL		259,155,599	2,666,379,472	\$26,212,794.23
		=====	=====	=====
3rd QUARTER		70,481,157	725,160,915	\$7,128,952.97
4th QUARTER		65,335,627	672,219,990	\$6,608,498.32
1st QUARTER		61,950,123	637,387,493	\$6,266,065.04
2nd QUARTER		61,388,691	631,611,074	\$6,209,277.90
TOTAL COMPANY		259,155,599	2,666,379,472	\$26,212,794.23

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					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		NET INVESTMENT FOR SETTLEMENTS	2,333,129	(NOTE A)	0	0	1,535,269	0	797,860	0	0	0	0	0	0	0	0	0
2		RATE OF RETURN	11.2500%		11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%
3		RETURN ON INVESTMENT	262,477	LN 1*LN 2	0	0	172,718	0	89,759	0	0	0	0	0	0	0	0	0
4		ALLOW FOR FUNDS USED DURING CONSTR	0	A-8,LN 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5		NET RETURN FOR SETTLEMENTS	262,477	LN 3-LN 4	0	0	172,718	0	89,759	0	0	0	0	0	0	0	0	0
6		FEDERAL OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7		FEDERAL OPERATING INCOME TAX - OPTION	135,215	LN 30	0	0	88,976	0	46,240	0	0	0	0	0	0	0	0	0
8		FEDERAL ITC AMORTIZATION	0	A-12,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9		STATE OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10		STATE OPERATING INCOME TAX - OPTION	45,012	LN 36	0	0	29,619	0	15,393	0	0	0	0	0	0	0	0	0
11		STATE ITC AMORTIZATION	0	A-12,LN 23	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12		PROVISION FOR DEFERRED INCOME TAX	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13		OPERATING EXPENSE & OTHER TAXES	21,783,632	A-8,LN 18	0	0	5,179,847	0	2,691,900	13,911,885	0	0	0	0	0	0	0	0
14		NONOPERATING EXP	67,103	A-8,LN 23	0	0	44,156	0	22,947	0	0	0	0	0	0	0	0	0
15		UNCOLLECTIBLES	3,961,008	A-8,LN 28	0	0	2,606,463	0	1,354,545	0	0	0	0	0	0	0	0	0
16		BASIS FOR GROSS RECEIPTS TAX	26,254,447		0	0	8,121,779	0	4,220,783	13,911,885	0	0	0	0	0	0	0	0
17		GROSS RECEIPTS TAX RATE	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
18		GROSS RECEIPTS TAX	0	LN16*LN17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19		TOTAL REVENUE REQUIREMENT	26,254,447	LN16+LN18	0	0	8,121,779	0	4,220,783	13,911,885	0	0	0	0	0	0	0	0

NOTE A: INCLUDES A-2, LN 31 LESS A/C 2004, TPUC - LONG TERM

***** ***** *** *****																		
OPTIONAL GROSS UP INCOME TAX CALCULATION																		
20		RETURN ON INVESTMENT	262,477	LN 3	0	0	172,718	0	89,759	0	0	0	0	0	0	0	0	0
21		INTEREST AND RELATED ITEMS	0	A-12, LN 16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22		OTHER INCOME ADJUSTMENTS	0	A-12, LN 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23		TOTAL INCOME ADJUSTMENTS	0	LN21+LN22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24		RETURN LESS INCOME ADJ	262,477	LN20-LN23	0	0	172,718	0	89,759	0	0	0	0	0	0	0	0	0
25		FEDERAL ITC AMORTIZATION	0	A-12, LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26		FIT BASE	262,477		0	0	172,718	0	89,759	0	0	0	0	0	0	0	0	0
27		FEDERAL TAXABLE INCOME	397,692		0	0	261,694	0	135,999	0	0	0	0	0	0	0	0	0
28	34.00%	FEDERAL INCOME TAX	135,215	LN 27*FTR	0	0	88,976	0	46,240	0	0	0	0	0	0	0	0	0
29		FEDERAL SURTAX ALLOCATION	0	/LN 26	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30		NET FEDERAL TAX BEFORE ITC AMORT	135,215	LN28-LN29	0	0	88,976	0	46,240	0	0	0	0	0	0	0	0	0
31		STATE ITC AMORTIZATION	0	A-12, LN23	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32		SIT BASE	397,692		0	0	261,694	0	135,999	0	0	0	0	0	0	0	0	0
33		STATE TAXABLE INCOME	451,923		0	0	297,379	0	154,544	0	0	0	0	0	0	0	0	0
34	12.00%	STATE INCOME TAX	45,012	LN 33*STR	0	0	29,619	0	15,393	0	0	0	0	0	0	0	0	0
35		STATE SURTAX ALLOCATION	0	/LN 32	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36		NET STATE INCOME TAX BEFORE ITC AMORT	45,012	LN34-LN35	0	0	29,619	0	15,393	0	0	0	0	0	0	0	0	0
37		FEDERAL TAX AT MAXIMUM RATE	135,215		0	0	88,976	0	46,240	0	0	0	0	0	0	0	0	0
38		INCOME ADJUSTMENT FOR FIT	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

A-2,1of1

SUMMARY OF TELEPHONE PLANT AND RESERVES

A-2,1of1

				COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		NET INVESTMENT SUMMARY																
1		GENERAL SUPPORT FACILITIES	6,506,998	A-3,LN 6C	0	0	4,281,801	0	2,225,197	0	0	0	0	0	0		0	0
2		CENTRAL OFFICE SWITCHING	27,440,760	A-4,LN 21+25			18,056,849		9,383,911		0						0	
3		OPERATOR SYSTEMS	0	A-4,LN 17			0	0	0		0						0	
4		CENTRAL OFFICE TRANSMISSION	0	A-4,LN 41	0	0			0		0	0	0	0			0	0
5		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0								0				
6		CABLE AND WIRE FACILITIES	0	A-5,LN 21	0	0				0	0	0	0		0		0	0
7		TANGIBLE ASSETS	1,084,474	A-3,LN 14	0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
8		INTANGIBLE ASSETS	0	A-3,LN 15	0	0	0	0	0	0	0	0	0	0	0		0	0
9		TOTAL PLANT IN SERVICE	35,032,232		0	0	23,052,267	0	11,979,965	0	0	0	0	0	0		0	0
10		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
11		PROPERTY HELD FOR FUTURE USE	0	A-6,LN 6	0	0	0	0	0	0	0	0	0	0	0		0	0
12		PLANT UNDER CONSTRUCT. - SHORT TERM	0	A-6,LN 13	0	0	0	0	0	0	0	0	0	0	0		0	0
13		PLANT UNDER CONSTRUCT. - LONG TERM	0	A-6,LN 20	0	0	0	0	0	0	0	0	0	0	0		0	0
14		TELEPHONE PLANT ADJUSTMENT	0	A-6,LN 27	0	0	0	0	0	0	0	0	0	0	0		0	0
15		TOTAL PROPERTY,PLANT & EQUIP.	35,032,232		0	0	23,052,267	0	11,979,965	0	0	0	0	0	0		0	0
16		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
17		ACCUM DEPRECIATION - PLANT IN SERVICE	31,230,617	A-7,LN 7	0	0	20,550,690	0	10,679,927	0	0	0	0	0	0		0	0
18		ACCUM DEPRECIATION - FUTURE USE	0	A-7,LN 8	0	0	0	0	0	0	0	0	0	0	0		0	0
19		ACCUM AMORTIZATION - TANGIBLE PROPERTY	1,084,474	A-7,LN 15	0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
20		ACCUM AMORTIZATION - INTANGIBLE PROP.	0	A-7,LN 16	0	0	0	0	0	0	0	0	0	0	0		0	0
21		ACCUM AMORTIZATION - TEL PLANT ADJ.	0	A-7,LN 17	0	0	0	0	0	0	0	0	0	0	0		0	0
22		OPERATING DEFERRED INCOME TAX	1,117,838	A-7,LN 26	0	0	735,571	0	382,267	0	0	0	0	0	0		0	0
23		OTHER DEFERRED CREDITS - NET	0	A-7,LN 34	0	0	0	0	0	0	0	0	0	0	0		0	0
24		NET TELEPHONE PLANT	1,599,303		0	0	1,052,390	0	546,913	0	0	0	0	0	0		0	0
25		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
26		MATERIALS AND SUPPLIES	0	A-3,LN 16	0	0	0	0	0	0	0	0	0	0	0		0	0
27		RTB STOCK	0	A-3,LN 17	0	0	0	0	0	0	0	0	0	0	0		0	0
28		EQUAL ACCESS EQUIPMENT	0	A-3,LN 8			0											
29		OTHER JURISDICTIONAL ASSETS	0	A-3,LN 18	0	0	0	0	0	0	0	0	0	0	0		0	0
30		CASH WORKING CAPITAL	733,826	A-3,LN 10	0	0	482,880	0	250,946	0	0	0	0	0	0		0	0
31		NET TELEPHONE PLANT,M&S AND																
		CASH WORKING CAPITAL	2,333,129		0	0	1,535,269	0	797,860	0	0	0	0	0	0		0	0
32		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
BASIS FOR GENERAL SUPPORT FACILITIES																		
1		CENTRAL OFFICE EQUIPMENT	27,440,760	A-4,LN 42	0	0	18,056,849	0	9,383,911		0	0	0				0	0
2		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0							0					
3		CWF EXCL CAT 1.3	0	A-5,LN 23	0	0				0	0	0	0		0		0	0
4		TOTAL	27,440,760		0	0	18,056,849	0	9,383,911	0	0	0	0	0	0	0	0	0
5		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
GENERAL SUPPORT ASSETS																		
6a		ALLOCATED	6,506,998	LN 5	0	0	4,281,801	0	2,225,197	0	0	0	0	0	0		0	0
6b		DIRECT NON ACCESS	0	DIRECT													0	0
6c		TOTAL GENERAL SUPPORT ASSETS	6,506,998		0	0	4,281,801	0	2,225,197	0	0	0	0	0	0		0	0
7		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
8		EQUAL ACCESS EQUIPMENT	0	DIRECT			0											
9		COE,IOT,CWF,GENERAL SUPPORT AND EQUAL ACCESS EQUIPMENT	33,947,758		0	0	22,338,650	0	11,609,107	0	0	0	0	0	0		0	0
10		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
11		TANGIBLE ASSETS																
12		CAPITAL LEASES	0	LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
13		LEASEHOLD IMPROVEMENTS	1,084,474	LN 10	0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
14		TOTAL	1,084,474		0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
15		INTANGIBLE ASSETS	0	LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
16		MATERIALS AND SUPPLIES	0	LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
17		RTB STOCK	0	LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
18		OTHER JURISDICTIONAL ASSETS	0	LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
19		COE,IOT,CWF,GEN SUPP & EQUAL ACCESS FOR APPORTIONING PRESUBSCRIPTION	33,947,758		0	0	22,338,650	0	11,609,107	0	0							
20		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%							
21		COE,IOT & CWF EXCL CCL FOR ASSIGNING CARRIER ACCESS BILLING EXPENSES	27,440,760				18,056,849	0	9,383,911	0	0	0	0	0	0			
22		% DISTRIBUTION	100.0000%				65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%			

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CENTRAL OFFICE EQUIPMENT ALLOCATION

A-4,1of2

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
ALLOCATION FACTORS																		
1		STANDARD WORK SECONDS																
2		- MANUAL BOARDS	100.0000%	AL-1,LN 9			0.0000%	0.0000%									100.0000%	
3		- TSPS COMPLEX	100.0000%	AL-1,LN 10			0.0000%	0.0000%									100.0000%	
4		EQUIVALENT ACCESS LINES - MSG COE	0.0000%	AL-1,LN 2	0.0000%	0.0000%												
5		IX CIRCUIT TERMINATIONS - MSG COE	100.0000%	AL-1,LN 6					100.0000%		0.0000%							
CENTRAL OFFICE EQUIPMENT																		
6	2220	OPERATOR SYSTEMS																
7		MANUAL SWITCHBOARDS	0	LN 2			0	0									0	
8		AUXILIARY SWITCHBOARDS																
9		- DIRECTORY ASSISTANCE	0	DIRECT				0										
10		- INTERCEPT	0	DIRECT			0											
11		- OTHER	0	DIRECT													0	
12		SERVICE OBSERVING BOARDS	0	LN 27			0	0	0		0						0	
13		TSPS																
14		- OPERATOR	0	LN 3			0	0									0	
15		- RTA	0	LN 27			0	0	0		0						0	
16		- OTHER	0	LN 27			0	0	0		0						0	
17		TOTAL OPERATOR SYSTEMS	0				0	0	0		0						0	
18	2210	TANDEM SWITCHING EQUIPMENT																
19		ACCESS	9,383,911	DIRECT					9,383,911									
20		NON ACCESS	0	DIRECT													0	
21		TOTAL TANDEM SWITCH	9,383,911						9,383,911								0	
22	2210	LOCAL SWITCHING EQUIPMENT																
23		ACCESS	18,056,849	DIRECT			18,056,849											
24		DEDICATED	0	DIRECT							0							
25		TOTAL LOCAL SWITCH	18,056,849				18,056,849				0							
26		TOTAL CAT1 EXCL SVC OBS, CAT 2 AND 3	27,440,760				18,056,849	0	9,383,911		0						0	
27		% DISTRIBUTION	100.0000%	LN 26			65.8030%	0.0000%	34.1970%		0.0000%						0.0000%	

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CENTRAL OFFICE EQUIPMENT ALLOCATION

A-4,2of2

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
28	2230	CENTRAL OFFICE TRANSMISSION																
29		EXCHANGE WIDEBAND	0	DIRECT						0					0			
30		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0			
31		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0			
32		SUBSCRIBER LINE	0	LN 4/DIRECT	0	0						0	0	0				
33		INTEREXCHANGE CIRCUIT																
34		FURNINSHED OTHERS	0	DIRECT							0				0			
35		ACCESS - BASIC	0	LN 5/DIRECT					0		0				0			
36		ACCESS - SPECIAL	0	DIRECT						0					0			
37		NON ACCESS	0	DIRECT													0	0
38		TOTAL IX CIRCUIT	0						0		0				0		0	0
39		HOST/REMOTE CIRCUIT	0	DIRECT					0						0			
40		EQUIPMENT RENTED OTHERS	0	DIRECT													0	0
41		TOTAL CENTRAL OFFICE TRANSMISSION	0		0	0			0		0	0	0	0			0	0
42		TOTAL CENTRAL OFFICE EQUIPMENT	27,440,760		0	0	18,056,849	0	9,383,911		0	0	0	0			0	0
43		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%		0.0000%	0.0000%	0.0000%	0.0000%			0.0000%	0.0000%
COE RATIOS																		
44		OPERATOR SYSTEMS	0.0000%	LN 17			0.0000%	0.0000%	0.0000%		0.0000%						0.0000%	
45		TANDEM SWITCHING	100.0000%	LN 21					100.0000%								0.0000%	
46		LOCAL SWITCHING	100.0000%	LN 25			100.0000%				0.0000%							
47		CENTRAL OFFICE SWITCHING	100.0000%	LN 21+25			65.8030%		34.1970%		0.0000%						0.0000%	
48		CENTRAL OFFICE TRANSMISSION	100.0000%	LN 37	0.0000%	0.0000%			100.0000%		0.0000%	0.0000%	0.0000%	0.0000%			0.0000%	0.0000%

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INFORMATION ORIGATION/TERMINATION AND CABLE AND WIRE FACILITIES

A-5,1of1

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
ALLOCATION FACTORS																		
1		EQUIVALENT ACCESS LINES - MSG CWF	0.0000%	AL-1,LN 4	0.0000%	0.0000%						0.0000%						
2		IX CIRCUIT MILES - MSG CWF	100.0000%	AL-1,LN 8						100.0000%	0.0000%							
3	2310	INFORMATION ORIG/TERM																
4		OTHER IOT EQUIPMENT																
5		COIN PUBLIC TELEPHONE	0	DIRECT		0												
6		COINLESS PUBLIC TELEPHONE	0	DIRECT	0													
7		OTHER	0	DIRECT		0							0					
8		SUBTOTAL	0		0	0							0					
9		NEW CUSTOMER PREMISE EQUIP	0	DIRECT		0							0					
10		TOTAL ORIG/TERM EQUIP	0		0	0							0					
11		% DISTRIBUTION	0.0000%		0.0000%	0.0000%							0.0000%					
12	2410	CABLE AND WIRE FACILITIES																
13		SUBSCRIBER LINE	0	LN 1/DIRECT	0	0						0	0					
14		EXCHANGE WIDEBAND	0	DIRECT						0					0			
15a		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0			
15b		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0			
16		INTEREXCHANGE WIDEBAND	0	DIRECT						0					0			
17a		IX TRUNK - ACCESS	0	LN 2/DIRECT						0	0				0			
17b		IX TRUNK - SPECIAL	0	DIRECT							0				0			
18		IX TRUNK - NON ACCESS	0	DIRECT													0	0
19		HOST/REMOTE	0	DIRECT						0					0			
20		EQUIPMENT FURNISHED OTHERS	0	DIRECT													0	0
21		TOTAL CABLE AND WIRE FACILITIES	0		0	0				0	0	0	0		0		0	0
22			% DISTRIBUTION	100.0000%		0.0000%	0.0000%			100.0000%	0.0000%	0.0000%	0.0000%		0.0000%		0.0000%	0.0000%
23		TOTAL CWF EXCLUDING CAT 1.3	0		0	0			0	0	0	0		0		0	0	
24		% DISTRIBUTION	100.0000%		0.0000%	0.0000%			100.0000%	0.0000%	0.0000%	0.0000%		0.0000%		0.0000%	0.0000%	

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

OTHER TELECOMMUNICATIONS PLANT ALLOCATION

A-6,1of1

A-6,1of1

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		OTHER TELECOMMUNICATIONS PLANT																
1	2002	PROPERTY HELD FOR FUTURE USE																
2		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0	0	0	0
5		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
7		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
8	2003	PLANT UNDER CONSTR. - SHORT TERM																
9		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0	0	0	0
12		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
14		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
15	2004	PLANT UNDER CONSTR. - LONG TERM																
16		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0	0	0	0
19		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
21		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
22	2005	TELECOMMUNICATIONS PLANT ADJUST.																
23		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0	0	0	0
26		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
28		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

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ACCUMULATED DEPRECIATION, AMORTIZATION AND DEFERRED INCOME TAXES

A-7,1of1

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1	3100	ACCUM DEPRECIATION - PLANT IN SERVICE																
2		GENERAL SUPPORT	5,629,906	A-3,LN 10	0	0	3,704,648	0	1,925,258	0	0	0	0	0	0		0	0
3		CENTRAL OFFICE SWITCHING EQUIPMENT	25,600,711	A-3,LN 10	0	0	16,846,042	0	8,754,670	0	0	0	0	0	0		0	0
4		OPERATOR SYSTEMS EQUIPMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
5		CENTRAL OFFICE TRANSMISSION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
6		UNDISTRIBUTED COE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
7		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
8		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
9		TOTAL ACCUM DEPR - TPIS	31,230,617		0	0	20,550,690	0	10,679,927	0	0	0	0	0	0		0	0
10	3200	ACCUM DEPRECIATION - FUTURE USE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
11		TOTAL ACCUM DEPRECIATION	31,230,617		0	0	20,550,690	0	10,679,927	0	0	0	0	0	0		0	0
12		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
ACCUMULATED AMORTIZATION																		
13	3400	TANGIBLE ASSETS																
14		CAPITAL LEASES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
15		LEASEHOLD IMPROVEMENTS	1,084,474	A-3,LN 10	0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
16		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
17		TOTAL ACCUM AMORT - TANGIBLE	1,084,474		0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
18	3500	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
19	3600	TELEPHONE PLANT ADJUSTMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
20		TOTAL ACCUM AMORTIZATION	1,084,474		0	0	713,617	0	370,857	0	0	0	0	0	0		0	0
21		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
NET OPERATING DEFERRED INC TAX																		
22	4100&	GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
23	4340	CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
25		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26		UNDISTRIBUTED	1,117,838	A-3,LN 10	0	0	735,571	0	382,267	0	0	0	0	0	0		0	0
27		TOTAL NET DEFERRED INC TAX	1,117,838		0	0	735,571	0	382,267	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
OTHER DEFERRED CREDITS - NET																		
30	4360	GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
31		CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
32		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
33		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
34		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
35		TOTAL OTHER DEFERRED CREDITS	0		0	0	0	0	0	0	0	0	0	0	0		0	0
36		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
37																		

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		OPERATING EXPENSE AND TAX																
1	6110	NETWORK SUPPORT EXPENSE	0	A-9,LN 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	6120	GENERAL SUPPORT EXPENSE	1,288,029	A-9,LN 7	0	0	847,562	0	440,467	0	0	0	0	0	0	0	0	0
3	6210	CENTRAL OFFICE EXPENSE	1,179,991	A-9,LN 15	0	0	776,470	0	403,521	0	0	0	0	0	0	0	0	0
4	6310	INFORMATION ORIG/TERM EXP	0	A-9,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	6410	CABLE AND WIRE FACILITIES EXP	11,669,499	A-9,LN 24	0	0	0	0	0	11,669,499	0	0	0	0	0	0	0	0
6	6510	OTHER PLANT EXPENSE	0	A-10,LN 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	6530	NETWORK OPERATIONS EXPENSE	999,366	A-10,LN 7	0	0	657,613	0	341,753	0	0	0	0	0	0	0	0	0
8	6540	ACCESS CHARGE EXPENSE	0	A-10,LN 8													0	0
9	6610	MARKETING EXPENSE	0	A-11,LN 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	6620	SERVICES EXPENSE	55,899	A-11,LN29	0	0	36,783	0	19,116	0	0	0	0	0	0	0	0	0
11	6710	EXECUTIVE AND PLANNING EXP	1,153,526	A-12,LN 8	0	0	176,029	0	91,480	886,017	0	0	0	0	0	0	0	0
12	6720	GENERAL AND ADMINISTRATIVE EXP	1,765,887	A-12,LN 9	0	0	269,476	0	140,043	1,356,369	0	0	0	0	0	0	0	0
13		SUBTOTAL OPERATING EXPENSE	18,112,198		0	0	2,763,933	0	1,436,380	13,911,885	0	0	0	0	0	0	0	0
14		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	15.2601%	0.0000%	7.9305%	76.8095%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
15	6560	DEPRECIATION AND AMORTIZATION	3,482,111	A-10,LN 19+27	0	0	2,291,334	0	1,190,777	0	0	0	0	0	0	0	0	0
16	7200	OTHER OPERATING TAX	189,323	A-12,LN 24	0	0	124,580	0	64,743	0	0	0	0	0	0	0	0	0
17		EQUAL ACCESS EXPENSE	0	A-12,LN 12			0										0	0
18		TOTAL OPERATING EXP & TAX	21,783,632		0	0	5,179,847	0	2,691,900	13,911,885	0	0	0	0	0	0	0	0
19		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	23.7786%	0.0000%	12.3574%	63.8639%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
20	7370	NON OPERATING EXPENSE																
21		ABANDONED CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22		CONTRIBUTIONS	67,103	A-3,LN 10	0	0	44,156	0	22,947	0	0	0	0	0	0	0	0	0
23		TOTAL NON OPERATING EXP	67,103		0	0	44,156	0	22,947	0	0	0	0	0	0	0	0	0
24		UNCOLLECTIBLES																
25	5310	END USER MSG TOLL	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	5320	END USER COMMON LINE	0	DIRECT		0												
27	5330	IX CARRIER	3,961,008	A-3,LN 22			2,606,463	0	1,354,545	0	0	0	0	0	0	0	0	0
28		TOTAL UNCOLLECTIBLES	3,961,008		0	0	2,606,463	0	1,354,545	0	0	0	0	0	0	0	0	0
29	7340	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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IOWA NETWORK ACCESS DIVISION
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COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
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PLANT SPECIFIC EXPENSE ALLOCATION

A-9,1of1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	INEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
BASIS FOR NETWORK SUPPORT EXPENSE																		
1		GEN SUPPORT, COE, IOT AND C&WF	33,947,758	VARIOUS	0	0	22,338,650	0	11,609,107	0	0	0	0	0	0		0	0
2		EQUAL ACCESS EQUIPMENT	0	A-3,LN 8			0											
3		TOTAL	33,947,758		0	0	22,338,650	0	11,609,107	0	0	0	0	0	0		0	0
4		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
PLANT SPECIFIC EXPENSES																		
5		GENERAL SUPPORT EXPENSE																
6	6110	NETWORK SUPPORT	0	LN 4	0	0	0	0	0	0	0	0	0	0	0		0	0
7	6120	GENERAL SUPPORT	1,288,029	A-3,LN 7	0	0	847,562	0	440,467	0	0	0	0	0	0		0	0
8		TOTAL GENERAL SUPPORT EXP	1,288,029		0	0	847,562	0	440,467	0	0	0	0	0	0		0	0
9		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
CENTRAL OFFICE EXPENSE																		
11	6210	CENTRAL OFFICE SWITCHING EXPENSE	1,179,991	A-4,LN 43	0	0	776,470	0	403,521		0	0	0	0	0		0	0
12	6220	OPERATOR SYSTEMS EXPENSE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0	0		0	0
13	6230	CENTRAL OFFICE TRANSMISSION EXPENSE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0	0		0	0
14		UNDISTRIBUTED	0	A-4,LN 43	0	0	0	0	0		0	0	0	0	0		0	0
15		TOTAL CENTRAL OFFICE EXPENSE	1,179,991		0	0	776,470	0	403,521		0	0	0	0	0		0	0
16		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
INFORMATION ORIG/TERM EXPENSE																		
18		COIN PAY TELEPHONE	0	DIRECT		0												
19		COINLESS PAY TELEPHONE	0	DIRECT	0													
20		OTHER	0	DIRECT		0							0					
21		CPE	0	DIRECT		0												
22		TOTAL INFORMATION ORIG/TERM EXP	0		0	0							0					
23		% DISTRIBUTION	0.0000%		0.0000%	0.0000%							0.0000%					
CABLE AND WIRE FACILITIES EXPENSE																		
24	6410		11,669,499	A-5,LN 22	0	0				11,669,499	0	0	0	0	0		0	0
TOTAL PLANT SPECIFIC EXPENSE																		
25			14,137,519		0	0	1,624,032	0	843,988	11,669,499	0	0	0	0	0		0	0
26		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	11.4874%	0.0000%	5.9698%	82.5428%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

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IOWA NETWORK ACCESS DIVISION
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PART 69 COST ALLOCATION - TOTAL INTERSTATE

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PLANT NON SPECIFIC EXPENSE ALLOCATION

A-10,1of1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		CENTRAL OFFICE EQUIPMENT	27,440,760	A-4,LN 38	0	0	18,056,849	0	9,383,911		0	0	0	0			0	0
2		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0							0					
3		CABLE AND WIRE FACILITIES	0	A-5,LN 21	0	0				0	0	0	0		0		0	0
4		TOTAL	27,440,760		0	0	18,056,849	0	9,383,911	0	0	0	0	0	0		0	0
5		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
6	6510	PLANT NONSPECIFIC EXPENSE OTHER PROP PLANT & EQUIP EXPENSE	0	LN 5	0	0	0	0	0	0	0	0	0	0	0		0	0
7	6530	NETWORK OPERATIONS EXPENSE	999,366	LN 5	0	0	657,613	0	341,753	0	0	0	0	0	0		0	0
8	6540	ACCESS CHARGE EXPENSE	0	DIRECT													0	0
9	6560	DEPRECIATION EXPENSE																
10		GENERAL SUPPORT	680,248	A-3,LN 7	0	0	447,624	0	232,624	0	0	0	0	0	0		0	0
11		CENTRAL OFFICE SWITCHING EQUIPMENT	2,733,416	A-4,LN 47			1,798,670		934,746		0	0					0	
12		OPERATOR SYSTEMS EQUIPMENT	0	A-4,LN 44			0	0	0		0						0	
13		CENTRAL OFFICE TRANSMISSION	0	A-4,LN 48	0	0			0		0	0	0	0			0	0
14		UNDISTRIBUTED COE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0			0	0
15		INFORMATION ORIG/TERM	0	A-5,LN 11	0	0								0				
16		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0		0		0	0
17		TOTAL DEP EXP - PLANT IN SERVICE	3,413,664		0	0	2,246,294	0	1,167,370	0	0	0	0	0	0		0	0
18		PROPERTY HELD FOR FUTURE USE	0	A-6,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
19		TOTAL DEPRECIATION EXPENSE	3,413,664		0	0	2,246,294	0	1,167,370	0	0	0	0	0	0		0	0
20		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
21	6563	AMORTIZATION EXPENSE CAPITAL LEASE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
22	6563	LEASEHOLD IMPROVEMNTS	68,447	A-3,LN 10	0	0	45,040	0	23,407	0	0	0	0	0	0		0	0
23	6563	UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		SUBTOTAL	68,447		0	0	45,040	0	23,407	0	0	0	0	0	0		0	0
25	6564	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26	6565	OTHER - TEL PLANT ADJUSTMENT	0	A-6,LN 28	0	0	0	0	0	0	0	0	0	0	0		0	0
27		TOTAL AMORTIZATION EXPENSE	68,447		0	0	45,040	0	23,407	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
29		TOTAL PLANT NON SPECIFIC EXPENSE	4,481,477		0	0	2,948,947	0	1,532,530	0	0	0	0	0	0		0	0
30		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

A-11,1of1

CUSTOMER OPERATIONS EXPENSE ALLOCATION

A-11,1of1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		CUSTOMER OPERATIONS EXPENSES																
1	6610	MARKETING	0	A-3, LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
2		TELEPHONE OPERATOR SERVICES																
3	6621	- CALL COMPLETION INCL DA	0	SWS-OPERATORS			0	0									0	
4		- OPERATOR SERVICES UNDER CONTRACT	0	DIRECT			0	0									0	
5	6622	PUBLISHED DIRECTORY LISTINGS	0	DIRECT				0										
6	6623	ALL OTHER																
7	1.0	LOCAL BUSINESS OFFICE																
8		- END USER SVC ORDER PROCESSING																
9		- PRESUBSCRIPTION	0	A-3, LN 20	0	0	0	0	0	0	0							
10		- OTHER	0	AL-1, LN 12									0			0	0	
11		- END USER PAYMENT & COLLECTION	0	AL-1, LN 13			0						0			0	0	
12		- END USER BILLING INQUIRY	0	AL-1, LN 14			0						0			0	0	
13		- IX CARRIER SVC ORDER PROCESSING	0	AL-1, LN 15	0	0	0	0	0	0	0	0	0			0	0	
14		- IX CARRIER PAYMENT & COLLECTION	54,939	AL-1, LN 16	0	0	36,152	0	18,788	0	0	0	0			0	0	
15		- IX CARRIER BILLING INQUIRY	0	AL-1, LN 17	0	0	0	0	0	0	0	0	0			0	0	
16		- COIN COLLECT AND ADMINISTRATION	0	AL-1, LN 18	0	0												
17		SUBTOTAL LOCAL BUSINESS OFFICE	54,939		0	0	36,152	0	18,788	0	0	0	0			0	0	
18	2.0	CUSTOMER SERVICES (REV ACCTG)																
19		- MESSAGE PROCESSING																
20		- TOLL TICKET PROCESSING	0	DIRECT												0		
21		- LOCAL MESSAGE PROCESSING	0	DIRECT												0		
22		- OTHER BILLING & COLLECTION	0	DIRECT												0		
23		- END USER COMMON LINE	0	DIRECT			0											
24		- CARRIER ACCESS BILLING (CABS)	917	A-3, LN 22			603	0	314	0	0	0	0	0	0	0	0	0
25		SUBTOTAL CUSTOMER SERVICES	917		0	0	603	0	314	0	0	0	0	0	0	0	0	0
26		TOTAL CAT 1 AND CAT 2	55,856		0	0	36,755	0	19,101	0	0	0	0	0	0	0	0	0
27		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
28	3.0	ALL OTHER CUSTOMER SERVICE	43	/LN 34	0	0	28	0	15	0	0	0	0	0	0	0	0	0
29		TOTAL SERVICES EXPENSE	55,899		0	0	36,783	0	19,116	0	0	0	0	0	0	0	0	0
30		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
31		TOTAL CUSTOMER OPERATIONS EXPENSE	55,899		0	0	36,783	0	19,116	0	0	0	0	0	0	0	0	0
32		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
33		CUSTOMER OPERATIONS EXCL MARKETING	55,856		0	0	36,755	0	19,101	0	0	0	0	0	0	0	0	0
34		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

A-12,1of1

CORPORATE OPERATIONS EXPENSE ALLOCATION

A-12,1of1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		BIG THREE EXPENSES																
1		PLANT SPECIFIC EXPENSE	14,137,519	A-9,LN 25	0	0	1,624,032	0	843,988	11,669,499	0	0	0	0	0		0	0
2		OTHER PLANT EXPENSE	0	A-10,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
3		NETWORK OPERATIONS EXPENSE	999,366	A-10,LN 8	0	0	657,613	0	341,753	0	0	0	0	0	0		0	0
4		ACCESS CHARGE EXPENSE	0	A-10,LN 9													0	0
5		CUSTOMER OPERATIONS EXPENSE	55,899	A-11,LN 31	0	0	36,783	0	19,116	0	0	0	0	0	0	0	0	0
6		TOTAL BIG THREE EXPENSES	15,192,785		0	0	2,318,428	0	1,204,857	11,669,499	0	0	0	0	0	0	0	0
7		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	15.2601%	0.0000%	7.9305%	76.8095%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
		CORPORATE OPERATING EXPENSE																
8	6710	EXECUTIVE AND PLANNING	1,153,526	LN 7	0	0	176,029	0	91,480	886,017	0	0	0	0	0	0	0	0
9	6720	GENERAL AND ADMINISTRATIVE	1,765,887	LN 7	0	0	269,476	0	140,043	1,356,369	0	0	0	0	0	0	0	0
10		TOTAL CORPORATE OPERATIONS	2,919,413		0	0	445,504	0	231,523	2,242,386	0	0	0	0	0	0	0	0
11		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	15.2601%	0.0000%	7.9305%	76.8095%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
12		EQUAL ACCESS EXPENSE	0	DIRECT			0											
13	7500	INTEREST EXPENSE																
14		CAPITAL LEASE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15		OTHER	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
17		OTHER INCOME ADJUSTMENTS																
18		BASED ON PLANT	0	A-2,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19		BASED ON EXPENSE	0	LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
21		OPERATING TAXES																
22	7210	FEDERAL ITC AMORTIZATION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	7210	STATE ITC AMORTIZATION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	7240	OTHER OPERATING TAXES	189,323	A-3,LN 10	0	0	124,580	0	64,743	0	0	0	0	0	0	0	0	0
25		TOTAL OPERATING TAXES	189,323		0	0	124,580	0	64,743	0	0	0	0	0	0	0	0	0

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2014

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/17/2013

AL-1,1of1

DEVELOPMENT OF JOINT USE FACILITIES ALLOCATION FACTORS

AL-1,1of1

						COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	INEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		EQUIVALENT ACCESS LINES - MSG COE	0		0	0												
2		% DISTRIBUTION	0.0000%		0.0000%	0.0000%							0.0000%					
3		EQUIVALENT ACCESS LINES - MSG CWF	0		0	0							0					
4		% DISTRIBUTION	0.0000%		0.0000%	0.0000%							0.0000%					
5		IX CIRCUIT TERMINATIONS - MSG COE	57,899						57,899		0							
6		% DISTRIBUTION	100.0000%						100.0000%		0.0000%							
7		IX CIRCUIT MILES - MSG CWF	20,752,293							20,752,293	0							
8		% DISTRIBUTION	100.0000%							100.0000%	0.0000%							
DISTRIBUTION FACTORS																		
9		STD WORK SECONDS - MANUAL BOARDS	100.0000%				0.0000%	0.0000%										100.0000%
10		STD WORK SECONDS - TSPS	100.0000%				0.0000%	0.0000%										100.0000%
11		STD WORK SECONDS - OPERATORS	100.0000%				0.0000%	0.0000%										100.0000%
12		END USER SVC ORDER CONTACTS	0.0000%										0.0000%			0.0000%	0.0000%	
13		END USER PAYMENT & COLLECTION	0.0000%			0.0000%							0.0000%			0.0000%	0.0000%	
14		END USER BILLING INQUIRY CONTACTS	0.0000%			0.0000%							0.0000%			0.0000%	0.0000%	
15		IX CARRIER SVC ORDER CONTACTS	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%		0.0000%			0.0000%		
16		IX CARRIER PAYMENT & COLLECTION	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%		0.0000%			0.0000%		
17		IX CARRIER BILLING INQUIRY CONTACTS	100.0000%		0.0000%	0.0000%	65.8030%	0.0000%	34.1970%	0.0000%	0.0000%		0.0000%			0.0000%		
18		PUBLIC TELEPHONE REVENUE	0.0000%		0.0000%	0.0000%												
19		END USER BILLING & COLLECTION	0.0000%													0.0000%		
20		OPERATOR SERVICES UNDER CONTRACT	0.0000%				0.0000%	0.0000%									0.0000%	

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

PART 36 TOTAL INTERSTATE
ACCESS DIVISION

SECTION 4
6/17/2013

S-1,1of1

REVENUE REQUIREMENT SUMMARY

S-1,1of1

LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	REVENUE REQUIREMENT SUMMARY							
1	NET INVESTMENT FOR SETTLEMENTS			2,719,424	NOTE A	0	2,333,129	386,295
2	RATE OF RETURN					11.2500%	11.2500%	9.5000%
3	RETURN ON INVESTMENT			299,175	LN1*LN 2	0	262,477	36,698
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8,LN 29	0	0	0
5	NET RETURN FOR SETTLEMENTS			299,175	LN3-LN4	0	262,477	36,698
6	TOTAL ITC AMORTIZATION			0	S-12,LN 28+29	0	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0	S-12,LN 30	0	0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		154,120	LN28-LN11	0	135,215	18,905
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0	S-12,LN 31	0	0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		51,305	LN 33	0	45,012	6,293
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12,LN 33	0	0	0
13	OPERATING EXPENSE AND TAX			25,635,422	S-8,LN 18	0	21,783,632	3,851,790
14	NONOPERATING EXPENSE			79,344	S-8,LN 23	0	67,103	12,241
15	UNCOLLECTIBLES			4,320,000	S-8,LN 28	0	3,961,008	358,992
16	BASIS FOR GROSS RECEIPTS TAX			30,539,366		0	26,254,447	4,284,919
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0	0
19	TOTAL REVENUE REQUIREMENT			30,539,366		0	26,254,447	4,284,919

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402 OTHER THAN RTB STOCK.

***** **

OPTIONAL GROSS UP INCOME TAX CALCULATION								
20	RETURN ON INVESTMENT			299,175	LN 3	0	262,477	36,698
21	INTEREST AND RELATED ITEMS			0	S-12, LN 19	0	0	0
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 24+25	0	0	0
23	TOTAL INCOME ADJUSTMENTS			0	LN 21+22	0	0	0
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 28	0	0	0
25	FEDERAL TAXABLE INCOME			453,296		0	397,692	55,603
26	FEDERAL INCOME TAX @	34.00%		154,120	LN 25*FIT	0	135,215	18,905
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 34	0	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			154,120	LN26-LN27	0	135,215	18,905
29	STATE ITC AMORTIZATION			0	S-12, LN 29	0	0	0
30	STATE TAXABLE INCOME			427,540		0	375,096	52,444
31	STATE INCOME TAX @	12.00%		51,305	LN 30*SIT	0	45,012	6,293
32	STATE SURTAX EXEMPTION			0	S-2, LN 34	0	0	0
33	NET STATE INCOME TAX BEFORE ITC			51,305		0	45,012	6,293

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

PART 36 TOTAL INTERSTATE
ACCESS DIVISION

SECTION 4
6/17/2013

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SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

S-2,1of1

LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	NET INVESTMENT SUMMARY							
1	GENERAL SUPPORT FACILITIES	2110		7,534,063	S-3,LN 10	0	6,506,998	1,027,065
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		31,772,012	S-4,LN 52	0	27,440,760	4,331,252
3	OPERATOR SYSTEMS EQUIPMENT	2220		0	S-4,LN 41	0	0	0
4	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		0	S-4,LN 78	0	0	0
5	INFORMATION ORIG/TERM EQUIPMENT	2310		0	S-5,LN 17	0	0	0
6	CABLE AND WIRE FACILITIES	2410		0	S-5,LN 42	0	0	0
7	TANGIBLE ASSETS	2680		1,255,648	S-3,LN 29	0	1,084,474	171,174
8	INTANGIBLE ASSETS	2690		0	S-3,LN 36	0	0	0
9	TOTAL PLANT IN SERVICE A/C 2001			40,561,723		0	35,032,232	5,529,491
10	% DISTRIBUTION			100.0000%		0.0000%	86.3677%	13.6323%
11	PROPERTY HELD FOR FUTURE USE	2002		0	S-6,LN 9	0	0	0
12	PLANT UNDER CONSTR - SHORT TERM	2003		0	S-6,LN 15	0	0	0
13	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6,LN 21	0	0	0
14	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6,LN 27	0	0	0
15	NONOPERATING PLANT	2006		0	DIRECT			0
16	GOODWILL	2007		0	DIRECT			0
17	TOTAL PROPERTY, PLANT & EQUIPMENT			40,561,723		0	35,032,232	5,529,491
18	% DISTRIBUTION			100.0000%		0.0000%	86.3677%	13.6323%
19	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		36,160,061	S-7,LN 18	0	31,230,617	4,929,444
20	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7,LN 19	0	0	0
21	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		1,255,648	S-7,LN 23	0	1,084,474	171,174
22	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7,LN 24	0	0	0
23	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7,LN 25	0	0	0
24	OPERATING DEFERRED INCOME TAX - NET	VAR		1,294,277	S-7,LN 32	0	1,117,838	176,440
25	OTHER DEFERRED CREDITS - NET	4360		0	S-7,LN 38	0	0	0
26	NET TELEPHONE PLANT			1,851,737		0	1,599,303	252,434
27	% DISTRIBUTION			100.0000%		0.0000%	86.3677%	13.6323%
28	MATERIALS AND SUPPLIES	1220		0	S-6,LN 31	0	0	0
29	INVESTMENT IN NONAFFILIATED CO'S	1402		0	S-6,LN 35	0	0	0
30	EQUAL ACCESS EQUIPMENT	1439		0	S-6,LN 36	0	0	0
31	OTHER JURISDICTIONAL ASSETS	1500		0	S-6,LN 37	0	0	0
32	CASH WORKING CAPITAL	XXXX		867,687	S-3,LN 3	0	733,826	133,861
33	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			2,719,424		0	2,333,129	386,295
34	% DISTRIBUTION			100.0000%		0.0000%	85.7950%	14.2050%

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

PART 36 TOTAL INTERSTATE
ACCESS DIVISION

SECTION 4
6/17/2013

S-8,1of1

SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	OPERATING EXPENSE AND TAX SUMMARY							
1	NETWORK SUPPORT EXPENSE	6110		0	S-9,LN 7	0	0	0
2	GENERAL SUPPORT EXPENSE	6120		1,491,331	S-9,LN 8	0	1,288,029	203,303
3	CENTRAL OFFICE EXPENSE	6210		1,366,241	S-9,LN 15	0	1,179,991	186,250
4	INFORMATION ORIG/TERM EXPENSE	6310		0	S-9,LN 21	0	0	0
5	CABLE AND WIRE FACILITIES EXPENSE	6410		13,843,200	S-9,LN 25	0	11,669,499	2,173,701
6	OTHER PLANT EXPENSE	6510		0	S-10,LN 11	0	0	0
7	NETWORK OPERATIONS EXPENSE	6530		1,157,106	S-10,LN 13	0	999,366	157,740
8	ACCESS CHARGE EXPENSE	6540		0	S-10,LN 14	0	0	0
9	MARKETING EXPENSE	6610		0	S-11,LN 13	0	0	0
10	SERVICES EXPENSE	6620		74,650	S-11,LN 44	0	55,899	18,751
11	EXECUTIVE AND PLANNING EXPENSE	6710		1,363,947	S-12,LN 8+9	0	1,153,526	210,421
12	GENERAL AND ADMINISTRATIVE EXPENSE	6720		2,088,012	S-12,LN 11+12	0	1,765,887	322,125
13	SUBTOTAL OPERATING EXPENSES			21,384,488		0	18,112,198	3,272,290
14	% DISTRIBUTION			100.0000%		0.0000%	84.6978%	15.3022%
15	DEPRECIATION AND AMORTIZATION	6560		4,031,728	S-10,LN 22+29	0	3,482,111	549,617
16	OTHER OPERATING TAX	7240		219,206	S-12,LN 32	0	189,323	29,883
17	EQUAL ACCESS EXPENSE			0	S-12,LN 15	0	0	0
18	TOTAL OPERATING EXPENSE AND TAX			25,635,422		0	21,783,632	3,851,790
19	% DISTRIBUTION			100.0000%		0.0000%	84.9747%	15.0253%
	NON OPERATING EXPENSE							
		7370						
20	ABANDONED CONSTRUCTION			0	S-2,LN 10	0	0	0
21	CONTRIBUTIONS			79,344	S-12,LN 14	0	67,103	12,241
22	OTHER NON OPERATING EXPENSE			0	DIRECT			0
23	TOTAL NON OPERATING EXPENSE			79,344		0	67,103	12,241
24	% DISTRIBUTION			100.0000%		0.0000%	84.5726%	15.4274%
	UNCOLLECTIBLES							
25	END USER MSG TOLLS	5310		0	DIRECT	0	0	0
26	END USER COMMON LINE	5320		0	DIRECT	0	0	0
27	IX CARRIER	5330		4,320,000	S-11,LN 5	0	3,961,008	358,992
28	TOTAL UNCOLLECTIBLES			4,320,000		0	3,961,008	358,992
29	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12,LN 3	0	0	0

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
6/17/2013

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REVENUE REQUIREMENT SUMMARY

S-1,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	REVENUE REQUIREMENT SUMMARY						
1	NET INVESTMENT FOR SETTLEMENTS			54,031,602	NOTE A	2,719,424	51,312,178
2	RATE OF RETURN					11.0014%	9.5369%
3	RETURN ON INVESTMENT			5,192,744	LN1*LN 2	299,175	4,893,569
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8, LN 30	0	0
5	NET RETURN FOR SETTLEMENTS			5,192,744	LN 3-LN 4	299,175	4,893,569
6	TOTAL ITC AMORTIZATION			0	S-12, LN 32	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0		0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		2,675,050	LN28-LN11	154,120	2,520,930
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0		0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		890,491	LN 32	51,305	839,186
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12, LN 36	0	0
13	OPERATING EXPENSE AND TAX			94,061,261	S-8, LN 20	25,635,422	68,425,839
14	NONOPERATING EXPENSE			265,380	S-8, LN 25	79,344	186,036
15	UNCOLLECTIBLES			4,320,000	S-8, LN 29	4,320,000	0
16	BASIS FOR GROSS RECEIPTS TAX			107,404,926		30,539,366	76,865,561
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0
19	TOTAL REVENUE REQUIREMENT			107,404,926		30,539,366	76,865,561

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402.

	OPTIONAL GROSS UP INCOME TAX CALCULATION						
20	RETURN ON INVESTMENT			5,192,744	LN 3	299,175	4,893,569
21	INTEREST AND RELATED ITEMS			0	S-12, LN 22	0	0
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 27+28	0	0
23	TOTAL INCOME ADJUSTMENTS			0	LN 21+22	0	0
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 32	0	0
25	FEDERAL TAXABLE INCOME			7,867,794		453,295	7,414,499
26	FEDERAL INCOME TAX @	34.00%		2,675,050	LN 25*FIT	154,120	2,520,930
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 32	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			2,675,050	LN26-LN27	154,120	2,520,930
29	STATE TAXABLE INCOME			7,420,761		427,540	6,993,220
30	STATE INCOME TAX @	12.00%		890,491	LN 29*SIT	51,305	839,186
31	STATE SURTAX EXEMPTION			0	S-2, LN 32	0	0
32	NET STATE INCOME TAX BEFORE ITC			890,491	LN30-LN31	51,305	839,186

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
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SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

S-2,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	NET INVESTMENT SUMMARY						
1	GENERAL SUPPORT FACILITIES	2110		21,580,322	S-3, LN 27	7,534,063	14,046,259
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		50,741,993	S-4, LN 17	31,772,012	18,969,981
3	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		57,030,241	S-4, LN 31	0	57,030,241
4	CABLE AND WIRE FACILITIES	2410		57,085,004	S-5, LN 16	0	57,085,004
5	TANGIBLE ASSETS	2680		3,596,636	S-3, LN 54	1,255,648	2,340,988
6	INTANGIBLE ASSETS	2690		0	S-3, LN 61	0	0
7	TOTAL PLANT IN SERVICE A/C 2001			190,034,197		40,561,723	149,472,473
8	% DISTRIBUTION			100.0000%		21.3444%	78.6556%
9	PROPERTY HELD FOR FUTURE USE	2002		0	S-6, LN 9	0	0
10	PLANT UNDER CONSTR - SHORT TERM	2003		0	S-6, LN 15	0	0
11	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6, LN 21	0	0
12	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6, LN 27	0	0
13	NONOPERATING PLANT	2006		2,173,393	DIRECT		2,173,393
14	GOODWILL	2007		0	DIRECT		0
15	TOTAL PROPERTY, PLANT & EQUIPMENT			192,207,590		40,561,723	151,645,866
16	% DISTRIBUTION			100.0000%		21.1031%	78.8969%
17	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		130,352,472	S-7, LN 30	36,160,061	94,192,411
18	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7, LN 31	0	0
19	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		3,596,636	S-7, LN 36	1,255,648	2,340,988
20	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7, LN 37	0	0
21	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7, LN 38	0	0
22	OPERATING DEFERRED INCOME TAX - NET	VAR		6,139,049	S-7, LN 44	1,294,277	4,844,772
23	OTHER DEFERRED CREDITS - NET	4360		0	S-7, LN 49	0	0
24	NET TELEPHONE PLANT			52,119,432		1,851,737	50,267,695
25	% DISTRIBUTION			100.0000%		3.5529%	96.4471%
26	MATERIALS AND SUPPLIES	1220		522,899	S-6, LN 32	0	522,899
27	PREPAID EXPENSES	1300		0	S-6, LN 37	0	0
28	INVESTMENT IN NONAFFILIATED CO'S	1402		164,464,153	S-6, LN 38	0	164,464,153
29	OTHER JURISDICTIONAL ASSETS	1500		0	S-6, LN 39	0	0
30	CASH WORKING CAPITAL	XXXX		3,562,664	COMPUTED	867,687	2,694,976
31	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			220,669,148		2,719,424	217,949,724
32	% DISTRIBUTION			100.0000%		1.2324%	98.7676%

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/13 - 6/30/14

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
6/17/2013

S-8,1of1

SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	OPERATING EXPENSE AND TAX SUMMARY						
1	NETWORK SUPPORT EXPENSE	6110		313,675	S-9, LN 13-23	114,502	199,172
2	GENERAL SUPPORT EXPENSE	6120		3,479,648	S-9, LN 24-27	1,376,829	2,102,819
3	CENTRAL OFFICE EXPENSE	6210		4,158,714	S-9, LN 33	1,366,241	2,792,473
4	CABLE AND WIRE FACILITIES EXPENSE	6410		18,592,129	S-9, LN 35	13,843,200	4,748,929
5	OTHER PLANT EXPENSE	6510		21,337,396	S-10, LN 6	0	21,337,396
6	NETWORK OPERATIONS EXPENSE	6530		6,631,377	S-10, LN 13	1,157,106	5,474,270
7	ACCESS CHARGE EXPENSE	6540		7,702,156	S-10, LN 15	0	7,702,156
8	MARKETING EXPENSE	6610		4,884,436	S-11, LN 15	0	4,884,436
9	SERVICES EXPENSE	6620		2,861,545	S-11, LN 39	74,650	2,786,895
10	EXECUTIVE AND PLANNING EXPENSE	6710		3,094,017	S-12, LN 7	1,363,947	1,730,070
11	GENERAL AND ADMINISTRATIVE EXPENSE	6720		5,776,268	S-12, LN 8-15	2,088,012	3,688,255
12	SUBTOTAL OPERATING EXPENSES			78,831,360		21,384,488	57,446,872
13	% DISTRIBUTION			100.0000%		27.1269%	72.8731%
14	DEPRECIATION - PLANT IN SERVICE	6561		13,962,499	S-10, LN 33	3,952,477	10,010,022
15	DEPRECIATION - FUTURE USE	6562		0	S-10, LN 34	0	0
16	AMORTIZATION - TANGIBLES	6563		227,002	S-3, LN 42-44	79,250	147,752
17	AMORTIZATION - INTANGIBLES	6564		0	S-3, LN 45	0	0
18	AMORTIZATION - OTHER	6565		0	S-3, LN 46	0	0
19	OTHER OPERATING TAX	7240		1,040,400	S-12, LN 35	219,206	821,194
20	TOTAL OPERATING EXPENSE AND TAX			94,061,261		25,635,422	68,425,839
21	% DISTRIBUTION			100.0000%		27.2540%	72.7460%
	NON OPERATING EXPENSE	7370					
22	ABANDONED CONSTRUCTION			0	S-2, LN 8	0	0
23	CONTRIBUTIONS			265,380	S-12, LN 2	79,344	186,036
24	ALL OTHER			0	S-12, LN 2	0	0
25	TOTAL NON OPERATING EXPENSE			265,380		79,344	186,036
26	% DISTRIBUTION			100.0000%		29.8981%	70.1019%
	UNCOLLECTIBLES						
27	END USER MSG TOLLS	5310		0	DIRECT	XXX	XXX
28	IX CARRIER	5330		4,320,000	DIRECT	4,320,000	0
29	TOTAL UNCOLLECTIBLES			4,320,000		4,320,000	0
30	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12, LN 4	0	0

PUBLIC VERSION

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

Rate-of Return TRP
Cost Analysis Summary
Test Year, 7/13 to 6/14

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	Total Company (A)	Part 64 Adjustments (B)	Other Adjustments (C)	Subject to Separations (D)	Total Interstate (E)	Billing & Collection (F)
Revenues						
100 Network Access	n/a	n/a	n/a	n/a	n/a	n/a
110 Uncollectibles	n/a	n/a	n/a	n/a	n/a	n/a
120 Common Line Support	n/a	n/a	n/a	n/a	n/a	n/a
130 Long Term	n/a	n/a	n/a	n/a	n/a	n/a
140 Transitional	n/a	n/a	n/a	n/a	n/a	n/a
150 Miscellaneous	n/a	n/a	n/a	n/a	n/a	n/a
160 Net Revenues	n/a	n/a	n/a	n/a	n/a	n/a
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Expenses						
170 Plant Specific	n/a	n/a	n/a	n/a	14,137,519	0
171 Network Support	0	0	0	0	0	0
172 General Support	1,491,331	0	0	1,491,331	1,288,029	0
173 Central Office	1,366,241	0	0	1,366,241	1,179,991	0
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	1,366,241	0	0	1,366,241	1,179,991	0
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	13,843,200	0	0	13,843,200	11,669,499	0
180 Plant Non-Sp. Less Dep/Amor	n/a	n/a	n/a	n/a	999,366	0
190 Depreciation / Amortization	4,031,728	0	0	4,031,728	3,482,111	0
200 Customer Operations	n/a	n/a	n/a	n/a	55,899	0
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	0	0	0	0	55,899	0
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	0	n/a
220 Corporate Operations	n/a	n/a	n/a	n/a	2,919,413	0
230 AFUDC	n/a	n/a	n/a	n/a	n/a	n/a
240 Other Exp. & Adjustments	n/a	n/a	n/a	n/a	4,028,111	0
250 Taxes Other than FIT	n/a	n/a	n/a	n/a	234,335	0
260 Total Exp and Other Taxes	n/a	n/a	n/a	n/a	25,856,754	0
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FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	n/a	n/a	n/a	n/a	0	n/a
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300 Total Expenses & Taxes	n/a	n/a	n/a	n/a	25,856,754	n/a
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Telephone Plant in Service						
310 General Support	7,534,063	0	0	7,534,063	6,506,998	0
320 Central Office Equip-Switch	31,772,012	0	0	31,772,012	27,440,760	0
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	31,772,012	0	0	31,772,012	27,440,760	0
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	1,255,648	0	0	1,255,648	1,084,474	0
370 Total Plant In Service	40,561,723	0	0	40,561,723	35,032,232	0
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Adjustments to TPIS						
380 Depr / Amor Reserve	37,415,709	0	0	37,415,709	32,315,091	0
390 Accum Deferred Income Tax	1,294,277	0	0	1,294,277	1,117,838	0
400 Other Rate Base Adjust.	n/a	n/a	n/a	n/a	733,826	0
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Return Data						

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

Rate-of Return TRP
Cost Analysis Summary
Test Year, 7/13 to 6/14

410 Average Rate Base	n/a	n/a	n/a	n/a	2,333,129	n/a
420 Return	n/a	n/a	n/a	n/a	n/a	n/a
430 Rate of Return	n/a	n/a	n/a	n/a	n/a	n/a

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

	Interstate Inter- exchange (G)	ROR Regulated I/S Access (H)	Pay Phone (I)	Inside Wire (J)	BFP (K)	Total Common Line (L)
Revenues						
100 Network Access	n/a	26,212,794	0	0	0	0
110 Uncollectibles	n/a	0	0	0	0	0
120 Common Line Support	n/a	0	0	0	0	0
130 Long Term	n/a	0	0	0	0	0
140 Transitional	n/a	0	0	0	0	0
150 Miscellaneous	n/a	25,450	0	0	0	0
160 Net Revenues	n/a	26,238,244	0	0	0	0

Expenses						
170 Plant Specific	0	14,137,519	0	0	0	0
171 Network Support	0	0	0	0	0	0
172 General Support	0	1,288,029	0	0	0	0
173 Central Office	0	1,179,991	0	0	0	0
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	0	1,179,991	0	0	0	0
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	0	11,669,499	0	0	0	0
180 Plant Non-Sp. Less Dep/Amor	0	999,366	0	0	0	0
190 Depreciation / Amortization	0	3,482,111	0	0	0	0
200 Customer Operations	0	55,899	0	0	0	0
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	0	55,899	0	0	0	0
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	0	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	0	2,919,413	0	0	0	0
230 AFUDC	n/a	0	0	0	0	0
240 Other Exp. & Adjustments	0	4,028,111	0	0	0	0
250 Taxes Other than FIT	0	234,335	0	0	0	0
260 Total Exp and Other Taxes	0	25,856,754	0	0	0	0

FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	n/a	129,707	0	0	0	0

300 Total Expenses & Taxes	n/a	25,986,461	0	0	0	0

Telephone Plant in Service						
310 General Support	0	6,506,998	0	0	0	0
320 Central Office Equip-Switch	0	27,440,760	0	0	0	0
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	0	27,440,760	0	0	0	0
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	0	1,084,474	0	0	0	0
370 Total Plant In Service	0	35,032,232	0	0	0	0

Adjustments to TPIS						
380 Depr / Amor Reserve	0	32,315,091	0	0	0	0
390 Accum Deferred Income Tax	0	1,117,838	0	0	0	0
400 Other Rate Base Adjust.	0	733,826	0	0	0	0

Return Data						

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
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410 Average Rate Base	n/a	2,333,129	0	0	0	0
420 Return	n/a	251,783	0	0	0	0
430 Rate of Return	0.00%	10.79%	0.00%	0.00%	0.00%	0.00%

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

	Local Switching (M)	Equal Access (N)	SS7 (O)	Information (P)	Tandem Switching (Q)	Local Transport (R)
Revenues						
100 Network Access	0	0	0	0	0	26,212,794
110 Uncollectibles	0	0	0	0	0	0
120 Common Line Support	0	n/a	n/a	n/a	n/a	n/a
130 Long Term	0	n/a	n/a	n/a	n/a	n/a
140 Transitional	0	n/a	n/a	n/a	n/a	n/a
150 Miscellaneous	0	0	0	0	0	0
160 Net Revenues	0	0	0	0	0	26,212,794
	----	----	----	----	----	----
Expenses						
170 Plant Specific	0	0	0	0	0	14,137,519
171 Network Support	0	0	0	0	0	0
172 General Support	0	0	0	0	0	1,288,029
173 Central Office	0	0	0	0	0	1,179,991
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	0	0	0	0	0	1,179,991
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	0	0	0	0	0	11,669,499
180 Plant Non-Sp. Less Dep/Amor	0	0	0	0	0	999,366
190 Depreciation / Amortization	0	0	0	0	0	3,482,111
200 Customer Operations	0	0	0	0	0	55,899
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	0	0	0	0	0	55,899
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	0	0	0	0	0	2,919,413
230 AFUDC	0	0	0	0	0	0
240 Other Exp. & Adjustments	0	0	0	0	0	4,028,111
250 Taxes Other than FIT	0	0	0	0	0	234,335
260 Total Exp and Other Taxes	0	0	0	0	0	25,856,754
	----	----	----	----	----	----
FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	0	0	0	0	0	121,054
	----	----	----	----	----	----
300 Total Expenses & Taxes	0	0	0	0	0	25,977,808
	----	----	----	----	----	----
Telephone Plant in Service						
310 General Support	0	0	0	0	0	6,506,998
320 Central Office Equip-Switch	0	0	0	0	0	27,440,760
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	0	0	0	0	0	27,440,760
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	0	0	0	0	0	1,084,474
370 Total Plant In Service	0	0	0	0	0	35,032,232
	----	----	----	----	----	----
Adjustments to TPIS						
380 Depr / Amor Reserve	0	0	0	0	0	32,315,091
390 Accum Deferred Income Tax	0	0	0	0	0	1,117,838
400 Other Rate Base Adjust.	0	0	0	0	0	733,826
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Return Data						

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

410 Average Rate Base	0	0	0	0	0	2,333,129
420 Return	0	0	0	0	0	234,986
430 Rate of Return	0.00%	0.00%	0.00%	0.00%	0.00%	10.07%

COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

	Host Remote (S)	Total Switched Traffic Sensitive (T)	Special Access (U)
Revenues			
100 Network Access	0	26,212,794	0
110 Uncollectibles	0	0	0
120 Common Line Support	n/a	n/a	n/a
130 Long Term	n/a	n/a	n/a
140 Transitional	n/a	n/a	n/a
150 Miscellaneous	0	0	0
160 Net Revenues	0	26,212,794	0
	----	----	----
Expenses			
170 Plant Specific	0	14,137,519	0
171 Network Support	0	0	0
172 General Support	0	1,288,029	0
173 Central Office	0	1,179,991	0
174 Operator Systems	0	0	0
175 COE Switching	0	1,179,991	0
176 COE Transmission	0	0	0
177 IOT	0	0	0
178 Cable & Wire Facilities	0	11,669,499	0
180 Plant Non-Sp. Less Dep/Amor	0	999,366	0
190 Depreciation / Amortization	0	3,482,111	0
200 Customer Operations	0	55,899	0
201 Marketing	0	0	0
202 Local Business Office	0	0	0
203 Revenue Accounting	0	55,899	0
204 Other Billing & Collection	0	0	0
210 Access	n/a	n/a	n/a
220 Corporate Operations	0	2,919,413	0
230 AFUDC	0	0	0
240 Other Exp. & Adjustments	0	4,028,111	0
250 Taxes Other than FIT	0	234,335	0
260 Total Exp and Other Taxes	0	25,856,754	0
	----	----	----
FIT Adjustments			
270 Adjustment for FIT	0	0	0
280 Amortized ITC	0	0	0
290 Federal Income Taxes	0	121,054	0
	----	----	----
300 Total Expenses & Taxes	0	25,977,808	0
	----	----	----
Telephone Plant in Service			
310 General Support	0	6,506,998	0
320 Central Office Equip-Switch	0	27,440,760	0
321 Operator Systems	0	0	0
322 Tandem Switching	0	0	0
323 Local Switching Cat. 3	0	0	0
324 Equal Access	0	27,440,760	0
330 Central Office Equip-Trans	0	0	0
331 Subscriber Lines	0	0	0
332 Exchange Circuit	0	0	0
333 Interexchange Circuit	0	0	0
334 Host Remote	0	0	0
340 Cable & Wire	0	0	0
341 Subscriber Lines	0	0	0
342 Exchange	0	0	0
343 Interexchange	0	0	0
344 Host Remote	0	0	0
350 Info Orig/Term Equipment	0	0	0
360 Amortizable Assets	0	1,084,474	0
370 Total Plant In Service	0	35,032,232	0
	----	----	----
Adjustments to TPIS			
380 Depr / Amor Reserve	0	32,315,091	0
390 Accum Deferred Income Tax	0	1,117,838	0
400 Other Rate Base Adjust.	0	733,826	0
	----	----	----
Return Data			
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COS-1(P)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

410 Average Rate Base	0	2,333,129	0
420 Return	0	234,986	0
430 Rate of Return	0.00%	10.07%	0.00%

PUBLIC VERSION

COS-1(H)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

Rate-of Return TRP
Cost Analysis Summary
Historical, Calendar Year 2012

Page 9 of 32

	Total Company (A)	Part 64 Adjustments (B)	Other Adjustments (C)	Subject to Separations (D)	Total Interstate (E)	Billing & Collection (F)
Revenues						
100 Network Access	n/a	n/a	n/a	n/a	n/a	n/a
110 Uncollectibles	n/a	n/a	n/a	n/a	n/a	n/a
120 Common Line Support	n/a	n/a	n/a	n/a	n/a	n/a
130 Long Term	n/a	n/a	n/a	n/a	n/a	n/a
140 Transitional	n/a	n/a	n/a	n/a	n/a	n/a
150 Miscellaneous	n/a	n/a	n/a	n/a	n/a	n/a
160 Net Revenues	n/a	n/a	n/a	n/a	n/a	n/a
	----	----	----	----	----	----
Expenses						
170 Plant Specific	n/a	n/a	n/a	n/a	10,496,321	0
171 Network Support	0	0	0	0	0	0
172 General Support	1,114,686	0	0	1,114,686	977,019	0
173 Central Office	1,047,989	0	0	1,047,989	918,560	0
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	1,047,989	0	0	1,047,989	918,560	0
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	10,091,475	0	0	10,091,475	8,600,742	0
180 Plant Non-Sp. Less Dep/Amor	n/a	n/a	n/a	n/a	1,032,884	0
190 Depreciation / Amortization	3,802,464	0	0	3,802,464	3,332,850	0
200 Customer Operations	n/a	n/a	n/a	n/a	75,715	0
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	94,741	0	0	94,741	75,715	0
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	0	n/a
220 Corporate Operations	n/a	n/a	n/a	n/a	2,182,292	0
230 AFUDC	n/a	n/a	n/a	n/a	n/a	n/a
240 Other Exp. & Adjustments	n/a	n/a	n/a	n/a	4,895,005	0
250 Taxes Other than FIT	n/a	n/a	n/a	n/a	783,349	0
260 Total Exp and Other Taxes	n/a	n/a	n/a	n/a	22,798,416	0
	----	----	----	----	----	----
FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	n/a	n/a	n/a	n/a	0	n/a
	----	----	----	----	----	----
300 Total Expenses & Taxes	n/a	n/a	n/a	n/a	22,798,416	n/a
	----	----	----	----	----	----
Telephone Plant in Service						
310 General Support	5,524,660	0	0	5,524,660	4,842,350	0
320 Central Office Equip-Switch	29,520,236	0	0	29,520,236	25,874,410	0
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	29,520,236	0	0	29,520,236	25,874,410	0
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	1,101,408	0	0	1,101,408	965,381	0
370 Total Plant In Service	36,146,304	0	0	36,146,304	31,682,141	0
	----	----	----	----	----	----
Adjustments to TPIS						
380 Depr / Amor Reserve	32,445,411	0	0	32,445,411	28,438,317	0
390 Accum Deferred Income Tax	1,312,760	0	0	1,312,760	1,150,631	0
400 Other Rate Base Adjust.	n/a	n/a	n/a	n/a	722,121	0
	----	----	----	----	----	----
Return Data						
410 Average Rate Base	n/a	n/a	n/a	n/a	2,815,314	n/a
420 Return	n/a	n/a	n/a	n/a	n/a	n/a
430 Rate of Return	n/a	n/a	n/a	n/a	n/a	n/a

AUREON_01731

COS-1(H)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

	Interstate Inter- exchange (G)	ROR Regulated I/S Access (H)	Pay Phone (I)	Inside Wire (J)	BFP (K)	Total Common Line (L)
Revenues						
100 Network Access	n/a	25,537,382	0	0	0	0
110 Uncollectibles	n/a	0	0	0	0	0
120 Common Line Support	n/a	0	0	0	0	0
130 Long Term	n/a	0	0	0	0	0
140 Transitional	n/a	0	0	0	0	0
150 Miscellaneous	n/a	15,336	0	0	0	0
160 Net Revenues	n/a	25,552,718	0	0	0	0

Expenses						
170 Plant Specific	0	10,496,321	0	0	0	0
171 Network Support	0	0	0	0	0	0
172 General Support	0	977,019	0	0	0	0
173 Central Office	0	918,560	0	0	0	0
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	0	918,560	0	0	0	0
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	0	8,600,742	0	0	0	0
180 Plant Non-Sp. Less Dep/Amor	0	1,032,884	0	0	0	0
190 Depreciation / Amortization	0	3,332,850	0	0	0	0
200 Customer Operations	0	75,715	0	0	0	0
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	0	75,715	0	0	0	0
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	0	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	0	2,182,292	0	0	0	0
230 AFUDC	n/a	0	0	0	0	0
240 Other Exp. & Adjustments	0	4,895,005	0	0	0	0
250 Taxes Other than FIT	0	783,349	0	0	0	0
260 Total Exp and Other Taxes	0	22,798,416	0	0	0	0

FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	n/a	936,463	0	0	0	0

300 Total Expenses & Taxes	n/a	23,734,879	0	0	0	0

Telephone Plant in Service						
310 General Support	0	4,842,350	0	0	0	0
320 Central Office Equip-Switch	0	25,874,410	0	0	0	0
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	0	25,874,410	0	0	0	0
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	0	965,381	0	0	0	0
370 Total Plant In Service	0	31,682,141	0	0	0	0

Adjustments to TPIS						
380 Depr / Amor Reserve	0	28,438,317	0	0	0	0
390 Accum Deferred Income Tax	0	1,150,631	0	0	0	0
400 Other Rate Base Adjust.	0	722,121	0	0	0	0

Return Data						
410 Average Rate Base	n/a	2,815,314	0	0	0	0
420 Return	n/a	1,817,839	0	0	0	0
430 Rate of Return	0.00%	64.57%	0.00%	0.00%	0.00%	0.00%

PUBLIC VERSION

COS-1(H)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

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	Local Switching (M)	Equal Access (N)	SS7 (O)	Information (P)	Tandem Switching (Q)	Local Transport (R)
Revenues						
100 Network Access	0	0	0	0	0	25,537,382
110 Uncollectibles	0	0	0	0	0	0
120 Common Line Support	0	n/a	n/a	n/a	n/a	n/a
130 Long Term	0	n/a	n/a	n/a	n/a	n/a
140 Transitional	0	n/a	n/a	n/a	n/a	n/a
150 Miscellaneous	0	0	0	0	0	15,336
160 Net Revenues	0	0	0	0	0	25,552,718
	----	----	----	----	----	----
Expenses						
170 Plant Specific	0	0	0	0	0	10,496,321
171 Network Support	0	0	0	0	0	0
172 General Support	0	0	0	0	0	977,019
173 Central Office	0	0	0	0	0	918,560
174 Operator Systems	0	0	0	0	0	0
175 COE Switching	0	0	0	0	0	918,560
176 COE Transmission	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0
178 Cable & Wire Facilities	0	0	0	0	0	8,600,742
180 Plant Non-Sp. Less Dep/Amor	0	0	0	0	0	1,032,884
190 Depreciation / Amortization	0	0	0	0	0	3,332,850
200 Customer Operations	0	0	0	0	0	75,715
201 Marketing	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0
203 Revenue Accounting	0	0	0	0	0	75,715
204 Other Billing & Collection	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	0	0	0	0	0	2,182,292
230 AFUDC	0	0	0	0	0	0
240 Other Exp. & Adjustments	0	0	0	0	0	4,895,005
250 Taxes Other than FIT	0	0	0	0	0	783,349
260 Total Exp and Other Taxes	0	0	0	0	0	22,798,416
	----	----	----	----	----	----
FIT Adjustments						
270 Adjustment for FIT	0	0	0	0	0	0
280 Amortized ITC	0	0	0	0	0	0
290 Federal Income Taxes	0	0	0	0	0	936,463
	----	----	----	----	----	----
300 Total Expenses & Taxes	0	0	0	0	0	23,734,879
	----	----	----	----	----	----
Telephone Plant in Service						
310 General Support	0	0	0	0	0	4,842,350
320 Central Office Equip-Switch	0	0	0	0	0	25,874,410
321 Operator Systems	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0
324 Equal Access	0	0	0	0	0	25,874,410
330 Central Office Equip-Trans	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0
360 Amortizable Assets	0	0	0	0	0	965,381
370 Total Plant In Service	0	0	0	0	0	31,682,141
	----	----	----	----	----	----
Adjustments to TPIS						
380 Depr / Amor Reserve	0	0	0	0	0	28,438,317
390 Accum Deferred Income Tax	0	0	0	0	0	1,150,631
400 Other Rate Base Adjust.	0	0	0	0	0	722,121
	----	----	----	----	----	----
Return Data						
410 Average Rate Base	0	0	0	0	0	2,815,314
420 Return	0	0	0	0	0	1,817,839
430 Rate of Return	0.00%	0.00%	0.00%	0.00%	0.00%	64.57%

AUREON_01733

COS-1(H)
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number : 30
COSA: INIAAN13

	Host Remote (S)	Total Switched Traffic Sensitive (T)	Special Access (U)
Revenues			
100 Network Access	0	25,537,382	0
110 Uncollectibles	0	0	0
120 Common Line Support	n/a	n/a	n/a
130 Long Term	n/a	n/a	n/a
140 Transitional	n/a	n/a	n/a
150 Miscellaneous	0	15,336	0
160 Net Revenues	0	25,552,718	0
	----	----	----
Expenses			
170 Plant Specific	0	10,496,321	0
171 Network Support	0	0	0
172 General Support	0	977,019	0
173 Central Office	0	918,560	0
174 Operator Systems	0	0	0
175 COE Switching	0	918,560	0
176 COE Transmission	0	0	0
177 IOT	0	0	0
178 Cable & Wire Facilities	0	8,600,742	0
180 Plant Non-Sp. Less Dep/Amor	0	1,032,884	0
190 Depreciation / Amortization	0	3,332,850	0
200 Customer Operations	0	75,715	0
201 Marketing	0	0	0
202 Local Business Office	0	0	0
203 Revenue Accounting	0	75,715	0
204 Other Billing & Collection	0	0	0
210 Access	n/a	n/a	n/a
220 Corporate Operations	0	2,182,292	0
230 AFUDC	0	0	0
240 Other Exp. & Adjustments	0	4,895,005	0
250 Taxes Other than FIT	0	783,349	0
260 Total Exp and Other Taxes	0	22,798,416	0
	----	----	----
FIT Adjustments			
270 Adjustment for FIT	0	0	0
280 Amortized ITC	0	0	0
290 Federal Income Taxes	0	936,463	0
	----	----	----
300 Total Expenses & Taxes	0	23,734,879	0
	----	----	----
Telephone Plant in Service			
310 General Support	0	4,842,350	0
320 Central Office Equip-Switch	0	25,874,410	0
321 Operator Systems	0	0	0
322 Tandem Switching	0	0	0
323 Local Switching Cat. 3	0	0	0
324 Equal Access	0	25,874,410	0
330 Central Office Equip-Trans	0	0	0
331 Subscriber Lines	0	0	0
332 Exchange Circuit	0	0	0
333 Interexchange Circuit	0	0	0
334 Host Remote	0	0	0
340 Cable & Wire	0	0	0
341 Subscriber Lines	0	0	0
342 Exchange	0	0	0
343 Interexchange	0	0	0
344 Host Remote	0	0	0
350 Info Orig/Term Equipment	0	0	0
360 Amortizable Assets	0	965,381	0
370 Total Plant In Service	0	31,682,141	0
	----	----	----
Adjustments to TPIS			
380 Depr / Amor Reserve	0	28,438,317	0
390 Accum Deferred Income Tax	0	1,150,631	0
400 Other Rate Base Adjust.	0	722,121	0
	----	----	----
Return Data			
410 Average Rate Base	0	2,815,314	0
420 Return	0	1,817,839	0
430 Rate of Return	0.00%	64.57%	0.00%

PUBLIC VERSION

COS-2

Filing Date: 6/17/2013
 Filing Entity: Telephone Company
 Transmittal Number: 30
 COSA: INIAAN13

Rate-of-Return TRP
 7/13 - 6/14
 Versus 2012 Actual

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	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/13 - 6/14						
Revenue Requirement						
100 Depreciation/Amortization	0	3,482,111	0	0	3,482,111	4,031,728
105 Expense Less Dep & Amor	0	22,140,308	0	0	25,622,419	n/a
110 Taxes Less FIT	0	234,335	0	0	n/a	n/a
115 Return	0	234,986	0	n/a	n/a	n/a
120 FIT	0	121,054	0	n/a	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	n/a	n/a	n/a
130 Revenue Requirement	0	26,212,794	0	n/a	n/a	n/a
135 Access Service Revenue	0	26,212,794	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base						
140 Telephone Plant in Service	0	35,032,232	0	0	35,032,232	40,561,723
145 Rate Base Adjustments	0	733,826	0	0	733,826	n/a
150 Depreciation Reserves	0	32,315,091	0	0	32,315,091	37,415,709
155 Accum Deferred Income Tax	0	1,117,838	0	0	1,117,838	1,294,277
160 Average Rate Base	0	2,333,129	0	0	2,333,129	n/a
Actual, 1/12- 12/12						
Revenue Requirement						
200 Depreciation/Amortization	0	3,332,850	0	0	3,332,850	3,802,464
205 Expense Less Dep & Amor	0	18,682,217	0	0	18,682,217	n/a
210 Taxes Less FIT	0	783,349	0	0	n/a	n/a
215 Return	0	1,817,839	0	n/a	n/a	n/a
220 FIT	0	936,463	0	n/a	n/a	n/a
225 Uncol., IDC & Other Adj.	0	0	0	n/a	n/a	n/a
230 Revenue Requirement	0	25,552,718	0	n/a	n/a	n/a
235 Access Service Revenue	0	25,552,718	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base						
240 Telephone Plant in Service	0	31,682,141	0	0	31,682,141	36,146,304
245 Rate Base Adjustments	0	722,121	0	0	722,121	n/a
250 Depreciation Reserves	0	28,438,317	0	0	28,438,317	32,445,411
255 Accum Deferred Income Tax	0	1,150,631	0	0	1,150,631	1,312,760
260 Average Rate Base	0	2,815,314	0	0	2,815,314	n/a

PUBLIC VERSION

COS-2

Filing Date: 6/17/2013
 Filing Entity: Telephone Company
 Transmittal Number: 30
 COSA: INIAAN13

Rate-of-Return TRP
 7/13 - 6/14
 Versus 2012 Actual

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	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/12 - 6/13						
Revenue Requirement						
100 Depreciation/Amortization	0	3,751,194	0	0	3,751,194	4,335,520
105 Expense Less Dep & Amor	0	16,493,055	0	0	16,493,055	n/a
110 Taxes Less FIT	0	254,596	0	0	n/a	n/a
115 Return	0	217,935	0	n/a	n/a	n/a
120 FIT	0	112,270	0	n/a	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	n/a	n/a	n/a
130 Revenue Requirement	0	20,829,050	0	n/a	n/a	n/a
135 Access Service Revenue	0	20,829,050	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base						
140 Telephone Plant in Service	0	32,468,276	0	0	32,468,276	37,525,873
145 Rate Base Adjustments	0	851,742	0	0	851,742	n/a
150 Depreciation Reserves	0	29,139,514	0	0	29,139,514	33,678,589
155 Accum Deferred Income Tax	0	2,184,244	0	0	2,184,244	2,524,485
160 Average Rate Base	0	1,996,260	0	0	1,996,260	n/a
Actual, 1/11 - 12/11						
Revenue Requirement						
200 Depreciation/Amortization	0	3,628,632	0	0	3,628,632	4,184,653
205 Expense Less Dep & Amor	0	26,551,665	0	0	26,551,665	n/a
210 Taxes Less FIT	0	574,851	0	0	n/a	n/a
215 Return	0	438,716	0	0	n/a	n/a
220 FIT	0	226,005	0	0	n/a	n/a
225 Uncol., IDC & Other Adj.	0	0	0	0	n/a	n/a
230 Revenue Requirement	0	31,419,869	0	0	n/a	n/a
235 Access Service Revenue	0	31,419,869	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base						
240 Telephone Plant in Service	0	33,850,936	0	0	33,850,936	39,037,952
245 Rate Base Adjustments	0	1,269,119	0	0	1,269,119	n/a
250 Depreciation Reserves	0	28,124,207	0	0	28,124,207	32,433,711
255 Accum Deferred Income Tax	0	2,493,698	0	0	2,493,698	2,875,809
260 Average Rate Base	0	4,502,150	0	0	4,502,150	n/a

PUBLIC VERSION

COS-2

Filing Date: 6/17/2013
 Filing Entity: Telephone Company
 Transmittal Number: 30
 COSA: INIAAN13

Rate-of-Return TRP
 7/13 - 6/14
 Versus 2012 Actual

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	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/11 - 6/12						
Revenue Requirement						
100 Depreciation/Amortization	0	4,306,713	0	0	0	5,011,589
105 Expense Less Dep & Amor	0	22,522,475	0	0	0	n/a
110 Taxes Less FIT	0	324,104	0	0	n/a	n/a
115 Return	0	732,360	0	0	n/a	n/a
120 FIT	0	377,276	0	0	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	0	n/a	n/a
130 Revenue Requirement	0	28,262,928	0	0	n/a	n/a
135 Access Service Revenue	0	28,262,928	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base						
140 Telephone Plant in Service	0	33,172,547	0	0	33,172,547	38,906,390
145 Rate Base Adjustments	0	1,324,916	0	0	1,324,916	n/a
150 Depreciation Reserves	0	25,634,772	0	0	25,634,772	29,830,396
155 Accum Deferred Income Tax	0	2,352,822	0	0	2,352,822	2,737,907
160 Average Rate Base	0	6,509,869	0	0	6,509,869	n/a
	----	----	----	----	----	----
	----	----	----	----	----	----
	----	----	----	----	----	----
Actual, 1/10 - 12/10						
Revenue Requirement						
200 Depreciation/Amortization	0	3,389,736	0	0	3,389,736	4,027,230
205 Expense Less Dep & Amor	0	26,190,942	0	0	26,190,942	n/a
210 Taxes Less FIT	0	307,679	0	0	307,679	n/a
215 Return	0	608,769	0	0	608,769	n/a
220 FIT	0	313,609	0	0	313,609	n/a
225 Uncol., IDC & Other Adj.	0	0	0	0	0	n/a
230 Revenue Requirement	0	30,810,735	0	0	30,810,735	n/a
235 Access Service Revenue	0	30,810,735	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base						
240 Telephone Plant in Service	0	33,971,435	0	0	33,971,435	40,360,318
245 Rate Base Adjustments	0	1,273,100	0	0	1,273,100	n/a
250 Depreciation Reserves	0	26,263,522	0	0	26,263,522	31,202,806
255 Accum Deferred Income Tax	0	2,394,721	0	0	2,394,721	2,845,087
260 Average Rate Base	0	6,586,292	0	0	6,586,292	n/a

PUBLIC VERSION

MAG-1

Filing Date:

6/17/2013

Filing Entity:

Telephone Company

Transmittal Number :

30

COSA:

INIAAN13

Rate-of Return TRP

MAG Adjustments

Test Year, 7/13 to 6/14

Access Element	Interstate Revenue Requirement Prior to Adjustments (A) Note 1	Frozen Line Port Transfer (B) Note 2	Universal Service Fund Contribution (C) Note 3	Frozen TIC Revenue (D) Note 4	Interstate Revenue Requirement Subject to TIC Re-allocation (E) Cols. (A)+(B)+(C)+(D)	Frozen TIC Re- allocation (F) Note 5	Interstate Revenue Requirement Subject to Rate Making (G)
Carrier Common Line	\$0		\$0		\$0		\$0
Local Switching	\$0				\$0		\$0
Information	\$0				\$0		\$0
Transport	\$26,212,794			\$0	\$26,212,794		\$26,212,794
Special Access	<u>\$0</u>				<u>\$0</u>		<u>\$0</u>
Total	\$26,212,794	\$0	\$0	\$0	\$26,212,794	\$0	\$26,212,794

Note 1: Source of Revenue Requirements Column (A)

Carrier Common Line **TRP COS-1(P) Line 100, Column (L)**

Local Switching **TRP COS-1(P) Line 100, Column (M)**

Information **TRP COS-1(P) Line 100, Column (P)**

Transport **TRP COS-1(P) Line 100, Column (QS)**

Special Access **TRP COS-1(P) Line 100, Column U**

Note 2: Enter amounts equal to the amounts on the most recently filed Form MAG-1.

The Local Switching amount is a negative number. The Carrier Common Line amount is a positive number.

Note 3: Projected Amount per Account 6540

Note 4: Enter an amount equal to the amount on the most recently filed Form MAG-1.

Note 5: Enter an amount equal to the amount on the most recently filed Form MAG-1.

PUBLIC VERSION

REV-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Switched Access Revenue
Test Year, 7/13 to 6/14

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	Minute or Message Rate (A)	Minute Miles Rate (B)	Line or Trunk Rate (C)	Minute or Message Demand (D)	Minute Miles Demand (E)	Line or Trunk Demand (F)	Access Revenue (G)	Revenue Requirement (H)
Common Line								
100 Multi-line Business EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
110 Single Line Business EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
120 Residential EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
130 Special Access Surcharge	n/a	n/a	0.00	n/a	n/a	12	0	n/a
140 Terminating CCL Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
150 Terminating CCL Non-Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
160 Originating CCL Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
170 Originating CCL Non-Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
180 Common Line - - Total	n/a	n/a	n/a	n/a	n/a	n/a	0	0
Information	----	----	----	----	----	----	----	----
190 Directory Assistance	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
200 White Page Surcharge Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
210 White Pg. Surcharge Non-Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
220 Other Information	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
230 Information - - Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
Local Switching	----	----	----	----	----	----	----	----
240 Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
250 Non-Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
260 Equal Access	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
270 Switching - - Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
Local Transport	----	----	----	----	----	----	----	----
280 Premium LT Term.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
290 Non-Prem. LT Term	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
300 Premium LT Facility	n/a	0.000000	n/a	n/a	0	n/a	0	n/a
310 Non-Prem. LT Facility	n/a	0.000000	n/a	n/a	0	n/a	0	n/a
320 Tandem Switching	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
330 TST Termination	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
340 TST Facility	n/a	0.000000	n/a	n/a	0	n/a	0	n/a
350 Premium Interconnection	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
360 Non-Prem. Interconnection	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
370 Installation NRC per Trunk	n/a	n/a	0.00	n/a	n/a	0	0	0

PUBLIC VERSION

REV-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Switched Access Revenue
Test Year, 7/13 to 6/14

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	Termination Rate (A)	Circuit Rate (B)	Mileage Rate (C)	Termination Demand (D)	Circuit Demand (E)	Mileage Demand (F)	Access Revenue (G)	Revenue Requirement (H)
Local Transport (Cont.)								
380 DS3 Entrance Facility	n/a	0	n/a	n/a	0	n/a	0	n/a
390 DS3 Direct Term.	0.00	n/a	n/a	0	n/a	n/a	0	n/a
400 DS3 Direct Facility	n/a	n/a	0.00	n/a	n/a	0	0	n/a
410 DS1 Entrance Facility	n/a	0	n/a	n/a	0	n/a	0	n/a
420 DS1 Direct Term.	0	n/a	n/a	0	n/a	n/a	0	n/a
430 DS1 Direct Facility	n/a	n/a	0.00	n/a	n/a	0	0	n/a
440 VG Entrance Facility	n/a	0.00	n/a	n/a	0	n/a	0	n/a
450 VG Direct Term.	0.00	n/a	n/a	0	n/a	n/a	0	n/a
460 VG Direct Facility	n/a	n/a	0.00	n/a	n/a	0	0	n/a
470 Other Transport	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
480 Local Transport - - Total	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Special - - Voice Grade	----	----	----	----	----	----	----	----
490 2-Wire Chan. Term.	n/a	0	n/a	n/a	0	n/a	0	n/a
500 4-Wire Chan. Term.	n/a	0	n/a	n/a	0	n/a	0	n/a
510 Channel Mileage Term.	0	n/a	n/a	0	n/a	n/a	0	n/a
520 Channel Mileage Facility	n/a	n/a	0.00	n/a	n/a	0	0	n/a
530 Non-Recurring	n/a	0	n/a	n/a	0	n/a	0	n/a
Special - - High Capacity	----	----	----	----	----	----	----	----
540 High Capacity Chan. Term.	n/a	0	n/a	n/a	0	n/a	0	n/a
550 Channel Mileage Term.	0	n/a	n/a	0	n/a	n/a	0	n/a
560 Channel Mileage Facility	n/a	n/a	0.00	n/a	n/a	0	0	n/a
570 Non-Recurring	n/a	0	n/a	n/a	0	n/a	0	n/a
580 Special Access - - Total	n/a	n/a	n/a	n/a	n/a	n/a	0	0

Notes: A composite special access NRC should be used if the installation rates vary among the services. If the company does not file a particular rate, then the rate and demand = 0. Col. G equals Cols. (A x D) + (B x E) + (C x F).

REV-2
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Revenues Summary
Test Year, 7/13 to 6/14

	Total Network Access (A)	Recurring without ICB (B)	Non-Recurring without ICB (C)	ICB (D)
100 Carrier Common Line	0	0	0	0
110 Special Access	0	0	0	0
120 Local Switching	0	0	0	0
130 Equal Access	0	0	0	0
140 Information	0	0	0	0
150 Local Transport	26,238,244	26,212,794	25,450	0
160 Total TS - Switched	26,238,244	26,212,794	25,450	0

Notes : Col. A = Cols. B + C + D. If a particular category is inapplicable, then that category equals O.

RTE-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Percent Change in
Historical Rate Levels

	7/1/2012 Rate (A)	Current Effective Rate (B)	Proposed 7/1/2013 Rate (C)	% Change 7/1/2012 7/1/2013 (D)	% Change Current 7/1/2013 (E)
Switched Access					
100 Premium CCL Term. (\$/MOU)	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
110 N.P. CCL Term. (\$/MOU)	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
120 Premium Switching (\$/MOU)	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
130 N.P. Switching (\$/MOU)	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
140 Equal Access	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
End User Common Line					
150 Multi-line Business (\$/Month)	0	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
160 Residential & Single Line Bus.	0	0.00	0.00	0.00%	0.00%

RTE-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Percent Change in
Historical Rate Levels

	7/1/2012 Rate (A)	Current Effective Rate (B)	Proposed 7/1/2013 Rate (C)	% Change 7/1/2012 7/1/2013 (D)	% Change Current 7/1/2013 (E)
Local Transport Rates					
170 Prem. LT (\$/MOU, Avg. Mileage)	0.00623000	0.00623000	0.00896000	43.82%	43.82%
	----	----	----	----	----
180 N.P. LT (\$/MOU, Avg. Mileage)	0.00000000	0.00000000	0.00000000	0.00%	0.00%
	----	----	----	----	----
190 DS1 Entr. Facility (\$/Circuit)	0	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
200 DS1 Direct Trunk (\$/Circuit)	0	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
210 Tdm Sw. Transport ((\$/Circuit)	0	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
220 Tdm. Switching (\$/Tdm. MOU)	0.000000	0.000000	0.000000	0.00%	0.00%
	----	----	----	----	----
230 Prem. Interconnection (\$/MOU)	0.000000	0.000000	0.000000	0.00%	0.00%
	----	----	----	----	----
240 N.P. Interconnection (\$/MOU)	0.000000	0.000000	0.000000	0.00%	0.00%
	----	----	----	----	----
250 NRC (\$/Tk. Or Tks. Activated)	0.00	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
260 2-Wire VG (\$/Cir., Avg. Mileage)	0.00	0.00	0.00	0.00%	0.00%
	----	----	----	----	----
270 4-Wire VG (\$/Cir., Avg. Mileage)	0.00	0.00	0.00	0.00%	0.00%

Notes: If Lines 170 & 180 or any other entry is inapplicable, then that rate = 0.

RTE-2
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return
Revenue Price-outs
Using 2012 Demand

	Revenue at 7/1/2012 Rates (A)	Revenue at Current Rate (B)	Change in Revenue, Cols. B-A (C)	Revenue at 7/1/2013 Rates (D)	Change in Revenue, Cols. D-B (E)
Switched Access					
100 Multi-line Business	0	0	0	0	0
	----	----	----	----	----
110 Residential & Single Line Bus.	0	0	0	0	0
	----	----	----	----	----
120 Carrier Common Line	0	0	0	0	0
	----	----	----	----	----
130 Special Access	0	0	0	0	0
	----	----	----	----	----
140 Local Switching	0	0	0	0	0
	----	----	----	----	----
150 Equal Access	0	0	0	0	0
	----	----	----	----	----
160 Information	0	0	0	0	0
	----	----	----	----	----
170 Local Transport	22,096,899	22,096,899	0	31,757,753	9,660,854

Notes: If company belongs to the NECA common line pool, then revenue = 0.

RTE-3
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
COSA's for which Rates
are Averaged or Pooled

COSA	Multi-line Business (A)	Residential & Single Line Business (B)	Carrier Common Line (C)
100			
110			
120			
130			
140			
150			
160			
170			
180			
190			
200			
210			
220			
230			

Notes: Companies should list all
COSA's which are averaged or pooled.

RTE-3
Filing Date: 6/17/2013
Filing Entity: Telephone C
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
COSA's for Which Rates
are Averaged or Pooled

PUBLIC VERSION

COSA	Local Switching (D)	Local Transport (E)	Information (F)	Equal Access (G)	Special Access (H)
100					
110					
120					
130					
140					
150					
160					
170					
180					
190					
200					
210					
220					
230					

Notes: Companies should list all
COSA's which are avera

DMD-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13
Page

Rate-of-Return TRP
Traffic Sensitive
Minutes-of-Use

Historical	Premium Local Switching (A)	Non-Premium Local Switching (B)	Total Local Switching (C)	Total Chargeable Switching (D)	Total Tandem Switching* (E)	Tandem Switching Transport ** (F)
100 1st Qtr. 2009	0	0	0	0	0	685,314,359
110 2nd Qtr. 2009	0	0	0	0	0	723,798,568
120 3rd Qtr. 2009	0	0	0	0	0	761,152,928
130 4th Qtr. 2009	0	0	0	0	0	812,004,085
140 1st Qtr. 2010	0	0	0	0	0	955,256,222
150 2nd Qtr. 2010	0	0	0	0	0	855,496,278
160 3rd Qtr. 2010	0	0	0	0	0	920,662,690
170 4th Qtr. 2010	0	0	0	0	0	948,391,562
180 1st Qtr. 2011	0	0	0	0	0	1,054,655,400
190 2nd Qtr. 2011	0	0	0	0	0	1,037,103,385
200 3rd Qtr. 2011	0	0	0	0	0	952,232,593
210 4th Qtr. 2011	0	0	0	0	0	789,513,489
	----	----	----	----	----	----
220 Pycos Year, 1/12-12/12	0	0	0	0	0	3,544,392,104
	----	----	----	----	----	----
230 Test Year, 7/13-6/14	0	0	0	0	0	2,925,535,070

Notes: Local switching MOU are the same as the billable units for the interconnection charge.

* Refers to the MOU switched at a company tandem, as discussed in Part 69. 11(f-g).

** Refers to the MOU carried over non-dedicated trunks; i.e., tandem switched transport or common trunks.

DMD-2
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Special Access
Demand

	1/12 - 12/12 Channel Terminations (A)	1/12/- 12/12 Number of Circuits (B)	1/12 - 12/12 Interoffice Miles (C)	7/13 - 6/14 Channel Terminations (D)	7/13 - 6/14 Number of Circuits (E)	7/13 - 6/14 Interoffice Miles (F)
100 Metallic	0	0	0	0	0	0
110 Telegraph	0	0	0	0	0	0
120 VG less WATS	0	0	0	0	0	0
130 WATS	0	0	0	0	0	0
140 full-time Audio	0	0	0	0	0	0
150 High Capacity	0	0	0	0	0	0

DMD-3
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Common Line
Revenue and Demand

	1/12-12/12 Historical Revenue (A)	1/12-12/12 Historical MOU or Lines (B)	7/13 - 6/14 Test Year Revenue (C)	7/13 - 6/14 Test Year MOU or Lines (D)
100 End User Common Line, Total	0	0	0	0
110 Residential	0	0	0	0
120 Single Line Business	0	0	0	0
130 Multi-line Business	0	0	0	0
140 Special Access Surcharge	0	0	0	0
160 Total Common Line Revenue	0	n/a	0	n/a

DMD-4
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Minutes-of-Use
Historical vs. Forecast

		Traffic Sensitive MOU
100 Test Year	7/13 - 6/14	2,925,535,070
110 Pycos Year,	1/12-12/12	3,544,392,104

120 Test Year	7/12- 6/13	3,339,631,164
130 Pycos Year,	1/11 - 12/11	3,833,504,867

140 Test Year	7/11 - 6/12	3,450,907,011
150 Pycos Year,	1/10 - 12/10	3,679,806,752

160 Test Year	7/10 - 6/11	3,481,819,561
170 Pycos Year,	1/09 - 12/09	2,982,269,940

Notes: Actual operating statistics should be reported for the PYCOS years.
These data should be consistent with those in Chart DMD-4 in previous TRPs.
If a forecast was not reported for any particular test year, then enter 0.

DMD-5
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Demand
Direct Trunked Transport

	1/12-12/12	1/12-12/12	1/12-12/12	Test Year	Test Year	Test Year
	VG	DSI	DS3	7/13 - 6/14	7/13 - 6/14	7/13 - 6/14
	(A)	(B)	(C)	(D)	(E)	(F)
100 Entrance Facility	0.00	0.00	0.00	0.00	0.00	0.00
110 Direct Trunked Transport	0.00	0.00	0.00	0.00	0.00	0.00

Notes: Demand should be annualized and reflect application of the percent interstate usage factor (PIU).

ERN-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Rate-of-Return
Summary

PUBLIC VERSION

	2010/2011 FCC Monitoring Period (A)	2012 Calendar Year (B)	7/13 - 6/14 Test Year (C)
100 Interstate Access, Total	0.00%	0.00%	n/a
110 Carrier Common Line	0.00%	0.00%	0.00%
120 Special Access	0.00%	0.00%	0.00%
130 Local Switching	0.00%	0.00%	n/a
140 Information	0.00%	0.00%	n/a
150 Local Transport	9.45%	64.57%	n/a
160 Traffic Sensitive Switched, Total	9.45%	64.57%	n/a

Filing Entity: Telephone Company
Filing Date: 6/17/2013
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Base Study Factor

	Actual 2008 (A)	Actual 2009 (B)	Actual 2010 (C)	Actual 2011 (D)	Actual 2012 (E)	Prospective 2014 (F)
Relative MOU's - Tandem Switching						
100 Interstate	-	-	-	-	-	-
110 Total Company	-	-	-	-	-	-
120 IS Factor	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Host/Remote MOU's						
130 Interstate	-	-	-	-	-	-
140 Total Company	-	-	-	-	-	-
150 IS Factor	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Host/Remote MOU Miles						
160 Interstate	-	-	-	-	-	-
170 Total Company	-	-	-	-	-	-
180 IS Factor	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Conversation Minutes						
190 Interstate	2,171,054,422	2,982,269,940	3,679,806,752	3,833,504,867	3,544,392,104	2,925,535,070
200 Total Company	3,511,079,888	3,854,587,574	4,498,543,861	4,535,675,135	4,146,201,732	3,485,972,819
210 IS Factor	61.8344%	77.3694%	81.8000%	84.5189%	85.4853%	83.9231%
Conversation Minute Miles						
220 Interstate	-	-	-	-	-	-
230 Total Company	-	-	-	-	-	-
240 IS Factor	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

The above Base Study Factors apportion on the following investment:

	Part 32 Account	Part 36 Category
Relative MOU's-Tandem Switching	2210	COE Cat. 3
Host/Remote MOU's	2230	COE Cat. 4.3
Host/Remote MOU Miles	2410	C&WF Cat. 4
Conversation Minutes	2230	COE Cat. 4.23
Conversation Minutes Miles	2410	C&WF Cat. 3

RORDEM-1
Filing Date: 6/17/2013
Filing Entity: Telephone Company
Transmittal Number: 30
COSA: INIAAN13

Rate-of-Return TRP
Verification of WDEM

PUBLIC VERSION

Year	Interstate DEM MOU (A)	Intrastate DEM MOU (B)	Local DEM MOU (C)	Total DEM MOU (D)	Interstate MDEM Factor (E)	No. of Switched Access Lines (F)	Part 36.125(e) Historical Weighting (G)	Interstate WDEM Factor (H)
2005	-	-	-	-	0.0000%	-	0	0.0000%
2006	-	-	-	-	0.0000%	-	0	0.0000%
2007	-	-	-	-	0.0000%	-	0	0.0000%
2008	-	-	-	-	0.0000%	-	0	0.0000%
2009	-	-	-	-	0.0000%	-	0	0.0000%
2010	-	-	-	-	0.0000%	-	0	0.0000%
2011	-	-	-	-	0.0000%	-	0	0.0000%

Exhibit 21

**INS 2014 Tariff Filing
(filed June 16, 2014)**



Fletcher, Heald & Hildreth

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**Filed Pursuant to
§ 204(a)(3) of the
Communications Act
on 15 Days' Notice**

June 16, 2014

SUBMITTED ELECTRONICALLY

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Attention: Wireline Competition Bureau

**Re: Iowa Network Services, Inc. FRN: 0002-5807-10
Tariff F.C.C. No. 1
July 1, 2014 Annual Access Charge Tariff Filing**

Dear Ms. Dortch:

The accompanying 2014 Annual Access Charge Tariff Filing of Iowa Network Services, Inc. ("INS") is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended.

This 2014 Annual Access Tariff Filing is filed in accordance with the procedures set forth in *July 1, 2014 Annual Access Charge Tariff Filings, Order*, WC Docket No. 14-48, DA-404 (Pricing Pol. Div. rel. Mar. 25, 2014) (the "*Procedures Order*") and includes cost support required by *Material to be Filed in Support of 2014 Annual Access Tariff Filings, Tariff Review Plans, Order*, WC Docket No. 14-48, DA-14-494 (Pricing Pol. Div. rel. Apr. 14, 2014). Pursuant to the attached study for the test period ending June 30, 2015, INS proposes to maintain its existing switched transport rate of \$0.00896 per access minute.

As required by the *Procedures Order*, INS is submitting its 2014 Annual Tariff Review Plan and associated documents electronically, using the Commission's Electronic Tariff Filing System ("ETFS"). Since INS is not proposing any new or revised rates or regulations at this time,

PUBLIC VERSION

 **Fletcher, Heald & Hildreth**

Marlene H. Dortch

June 16, 2014

Page 2

no tariff pages are included with this filing. A filing fee is not required to be submitted with this submission, as set forth in Section 61.15(i) of the Commission's rules, 47 C.F.R. § 61.15(i).

All inquires in connection with this publication should be addressed to Iowa Network Services, Inc.'s counsel, James U. Troup, Fletcher, Heald & Hildreth, 1300 North 17th Street, 11th Floor, Arlington, VA 22209, Telephone: (703) 812-0511; Facsimile: (703) 812-0486.

Sincerely,



James U. Troup

Counsel for
Iowa Network Services, Inc.

Attachments

IOWA NETWORK SERVICES, INC.

IOWA NETWORK ACCESS DIVISION

DESCRIPTION AND JUSTIFICATION

COST SUPPORT MATERIAL

TARIFF REVIEW PLAN

JULY 1, 2014 ANNUAL ACCESS CHARGE TARIFF FILING

JUNE 16, 2014

IOWA NETWORK ACCESS DIVISION

INTERSTATE ACCESS TARIFF FILING

**PROSPECTIVE PERIOD
JULY 1, 2014 - JUNE 30, 2015**

INDEX

Section	Description
	Transmittal Letter
1	Introduction, Overview and Rate Development
2	Development of Switched Transport Charge and Study Period Projected Access Minutes
3	Projected Revenue Requirement Summary - Total Interstate (Part 69)
4	Projected Part 36 Revenue Requirement Summary
5	Projected Part 64 Revenue Requirement Summary
6	Tariff Review Plan (TRP)

IOWA NETWORK ACCESS DIVISION

INTRODUCTION, OVERVIEW AND RATE DEVELOPMENT

INTRODUCTION

This filing supports Iowa Network Access Division Tariff F.C.C. No. 1 in accordance with the Federal Communications Commission's (FCC) Order, In the Matter of July 1, 2014 Annual Access Charge Tariff Filings, DA 14-404, WC Docket No. 14-48 (released March 25, 2014). This Order establishes procedures for the 2014 filing of annual access charge tariffs and Tariff Review Plans (TRPs) for incumbent local exchange carriers (ILECs) subject to price cap regulation, rate of return ILECs subject to Section 61.39, and dominant carriers (like Iowa Network Access Division) subject to Section 61.38 of the Commission's rules. The requirements for summary cost support material to support the annual access charge filings to be submitted on or before June 16, 2014 are presented in the Commission's Order, In the Matter of Material to be Filed in Support of 2014 Annual Access Tariff Filings, DA 14-494, WC Docket No. 14-48 (released April 14, 2014).

This 2014 Annual Access Charge Tariff Filing covers the scheduled effective period from July 1, 2014 through June 30, 2015. This documentation volume contains the introduction, overview, rate development narrative, access rate development and corresponding cost support material to be filed with the FCC on June 16, 2014.

OVERVIEW

Schedule A of Section 2 presents a summary of the proposed rate to be effective July 1, 2014. Iowa Network Access Division ("INAD") proposes to maintain its existing switched transport rate of \$0.00896 per minute of use effective July 1, 2014. The Company's proposed switched transport rate of \$0.00896 per access minute is projected to generate switched transport revenues of \$18,093,128. When combined with nonrecurring revenues of \$26,706, total test period revenues are projected in the amount of \$18,119,834 resulting in a return of -202.18% on interstate investments for the projected twelve-month period ending June 30, 2015.

For the year 2013, INAD's regulated revenue from interstate Centralized Equal Access ("CEA") services amounted to \$20,922,280 which resulted in a return of 3.03% on its interstate investment. For the 2011/2012 monitoring period, INAD experienced a return of 30.84% which represents revenues of approximately \$2 million in excess of its authorized return and 3.5% of revenues for the monitoring period. During this period, the FCC authorized a maximum rate of return for interstate access operations of 11.50% with a target of 11.25%.

Interstate CEA minutes-of-use (“MOUs”) declined at a rate of 21.37% during 2013 to 2,786,846,408 from 3,544,392,104 in 2012. During the year 2012, INAD interstate traffic declined at the rate of 7.54% from the year 2011. For the year 2012, INAD began experiencing reductions in MOUs for interexchange carrier (“IXC”) traffic connecting with both ILEC and call aggregators¹ when compared with historical MOUs reflected during 2011. For the test period ending June 30, 2013, INAD projected interstate CEA minutes of 3,339,631,164, reflecting a decrease of 5.78% from actual CEA minutes for the year 2012. For the test period ending June 30, 2014, INAD projected interstate CEA minutes of 2,925,535,070, reflecting a decrease of 4.98% from actual CEA minutes for the year 2013. For the test period ending June 30, 2015, INAD is projecting interstate CEA minutes of 2,019,322,322, representing a decrease of 30.98% from projected CEA minutes of 2,925,535,070 for the projected period ending June 30, 2014. The decrease in interstate traffic for the projected test period results primarily from continued reductions in interstate CEA minutes by IXCs routing traffic over the INS network between the IXCs’ facilities and the networks of independent local exchange carriers. IXC traffic exchanged with LECs is projected to decrease approximately 10.47% during this time frame while IXC traffic delivered to aggregators is projected to decrease 10.42%.

Beginning in the year 2007, INAD experienced an increase in its uncollectible revenues from an IXC as a result of billing disputes over the classification and quantification of interstate CEA minutes related to call aggregator traffic terminated by the IXC to ILEC locations in Iowa. The disputed traffic is being terminated by multiple IXCs to ILEC locations in Iowa using the CEA network of INAD. During each of the years 2010 through 2013, INAD recorded a provision for uncollectibles relating to the interstate billing for this traffic in the total amount of \$16,570,046. INAD continues to bill the IXCs for all traffic terminated over its network and includes this disputed traffic in its MOU and revenue projections for the twelve month period ending June 30, 2015. The interstate provision for uncollectibles related to this traffic is estimated to be \$3,454,456 for the projected period ending June 30, 2015 and is reflected in INAD’s cost of operations and rate development calculations.

INAD’s proposed tariff rate of \$0.00896 is targeted to generate a return of negative 202.18% on investment for the projected test period ended June 30, 2015. INAD’s cost support material has been developed using procedures prescribed by the Federal Communications Commission as follows:

- A) Financial reporting is in accordance with the Uniform Systems of Accounts and Financial Reporting Requirements of Class A and Class B Telephone Companies, CC Docket 78-196 (Part 32 Order) and all subsequent revisions to the rules adopted through the period ending June 15, 2014.
- B) Jurisdictional allocation is in accordance with Federal Communications Commission’s Rules adopted in CC Docket Nos. 78-72, 80-286, 86-297 and FCC

¹ The term call aggregator refers to businesses that generate high-volume traffic, such as conference call companies, chat line providers, and fax broadcasters.

PUBLIC VERSION

Docket 87-134 released August 18, 1987 (Part 36 Order) and all subsequent revisions to the rules adopted through the period ending June 15, 2014.

- C) CEA rate development is performed in accordance with CC Docket No. 87-113 released August 18, 1987 (Part 69 Conformance Notice) and subsequent modifications including CC Docket No. 00-256, Second Report and Order and Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001), ("Rate-of-Return Access Charge Reform Order").

The proposed CEA tariff maintains the method of charging for interstate CEA by major rate element. INAD proposes a centralized equal access switched transport rate of \$0.00896 and anticipates this rate will remain in effect through June 30, 2015.

RATE DEVELOPMENT

Development of cost support as contained in the tariff filing was accomplished as follows:

- 1) Projection of test period investment, revenue and expense was determined based on the best estimates of management using fixed, known and measurable amounts from INAD's 2014 and 2015 operating budgets. Anticipated changes in investments and reserves were reflected in conjunction with INAD's ongoing plant modernization programs. Revenues were adjusted to reflect the projected decrease in CEA minutes during the test period from the year 2013.
- 2) Projection of the test period INAD revenue requirement was accomplished using FCC Part 64 cost allocation procedures applied to total company projected investment and expense amounts determined in (1) above. INAD's revenue requirement summary data is contained in Section 5 of the cost support material.
- 3) Projection of the test period interstate CEA revenue requirement was accomplished using Parts 36/69 separation procedures applied to projected total INAD investment and expense amounts determined in (2) above. INAD's interstate CEA revenue requirement was determined using a return on investment of 11.25% which reflects the rate of return currently authorized by the FCC for interstate ratemaking purposes. The summary Part 36 and Part 69 revenue requirements are contained in Sections 3 and 4 of the cost support material.
- 4) Projected interstate CEA minutes for the period ending June 30, 2015 reflect a decrease of 27.54% from the historical period ending December 31, 2013. Interstate CEA minutes for the period ending June 30, 2015 are projected to be 2,019,322,322 compared to 2,925,535,070 for the projected period ending June 30, 2014 and 2,786,846,408 for the actual period ended December 31, 2013. Projected CEA minutes for the test period ending June 30, 2015 are presented on

PUBLIC VERSION

Schedule B following. The decrease in projected test period interstate CEA minutes from actual interstate CEA minutes for the year 2013 results primarily from anticipated decreases in IXC traffic exchanged with independent local exchange carriers, including call aggregators, carried over the INS network.

- 5) INAD's interstate CEA revenue requirement determined in (3) above for the projected period ending June 30, 2015 amounts to \$26,211,200 and is presented in Section 3 of the cost support material. The interstate revenue requirement was reduced by the amount of projected interstate revenues from nonrecurring charges of \$26,706 to arrive at the amount of \$26,184,494 representing the target revenue requirement to be recovered from the recurring centralized equal access switched transport rate.
- 6) The allowable projected switched transport charge supported by the projected costs of INAD is determined by dividing the remaining interstate revenue requirement of \$26,184,494 determined in (5) above by projected CEA minutes of 2,019,322,322 determined in (4) above resulting in a cost of \$0.01297 per CEA minute. An analysis of the development of the allowable interstate switched transport rate is presented on Schedule A in Section 2. However, rather than increase its switched transport rate based on its cost support, INAD proposes to maintain its existing interstate switched transport rate of \$0.00896 effective for CEA billings on July 1, 2014. INAD projects it will forgo revenues of \$8,097,483 by maintaining its existing switched transport rate of \$0.00896 in lieu of its supported rate of \$0.01297 for the projected test period ending June 30, 2015.

SUMMARY

The 2014 annual CEA tariff filing is supplemented by the enclosed cost support material. Schedule A reflects INAD's existing switched transport charge of \$0.00896 compared with its supported rate of \$0.01297. Through this filing, INAD proposes to maintain its existing switched transport charge of \$0.00896 and forgo the supported rate of \$0.01297 based on the cost support for the projected test period ending June 30, 2015. The existing rate of \$0.00896 will remain in effect for CEA billings on July 1, 2014. The proposed switched transport charge will produce revenues that will generate a rate of return on investment of negative 202.18% for the projected test period ended June 30, 2015.

Included in the cost support material are schedules depicting projected investment and expense data, demand quantities, jurisdictional cost allocations and rate calculations for the projected twelve-month period ending June 30, 2015. Cost and revenue data for the historical period from January 1 through December 31, 2013 is contained in the Company's Tariff Review Plan ("TRP") which has been filed under separate cover.

PUBLIC VERSION

This filing is presented to comply with the Commission's Order, July 1, 2014 Annual Access Tariff Filings, DA 14-404, and Material to be Filed in Support of 2014 Annual Access Tariff Filings, DA 14-494, establishing the Tariff Review Plan (TRP) schedules to be filed in support of the annual CEA tariff filing of INAD. With this filing, INAD proposes to maintain its existing switched transport rate of \$0.00896 effective July 1, 2014 through June 30, 2015.

TARIFF REVIEW PLAN

INDEX

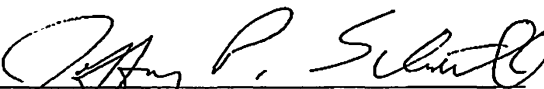
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Certification	

CERTIFICATION

I certify that I am the Vice-President of Finance of Iowa Network Services, Inc., have overall responsibility for the preparation of the 2014 Annual Access Charge Tariff Filing, and am authorized to execute this certification. Based upon information provided to me by employees or outside accountants responsible for the preparation of, or for supervision of the preparation of, the data submitted in support of the rates contained in the proposed tariff, I hereby certify that the data have been examined and reviewed and are true, correct and complete.

June 16, 2014

Date



Jeffrey P. Schill
IOWA NETWORK SERVICES, INC.

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
 IOWA NETWORK ACCESS DIVISION
 INTERSTATE ACCESS RATE DEVELOPMENT
 TRANSMITTAL NO.
 PROJECTED TEST PERIOD ENDED

6/30/2015

SECTION 2
 SCHEDULE A

	SOURCE	CURRENT RATE	COST SUPPORT	DIFFERENCE
1 SWITCHED TRANSPORT RATE	(BELOW)	\$0.00896	\$0.01297	\$0.00401
2 STUDY PERIOD ACCESS MINUTES	SCHEDULE B	2,019,322,322	2,019,322,322	
3 STUDY PERIOD ACCESS REVENUE	LN 1*LN 2	\$18,093,128	\$26,190,611	\$8,097,483

ACCESS RATE DEVELOPMENT

	SOURCE	AMOUNT
4 PROJECTED REVENUE REQUIREMENT	SECTION 4	\$26,211,200
5 LESS: MISCELLANEOUS REVENUE	RECORDS	26,706
7 ACCESS REVENUE REQUIREMENT	LN 4-LN 5	\$26,184,494
8 PROJECTED ACCESS MINUTES	SCHEDULE B	2,019,322,322
9 PROJECTED ACCESS RATE PER MOU	LN 4/LN 5	\$0.01297

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
IOWA NETWORK ACCESS DIVISION
EQUAL ACCESS MOU SUMMARY
TRANSMITTAL NO.
PROJECTED TEST PERIOD ENDED

SECTION 2
SCHEDULE B

6/30/2015

PRO FORMA ALL CARRIERS	DAYS	TOTAL INTERSTATE	
		TOTAL MINUTES	REVENUES
7/1/2014 - 7/31/2014	31	173,297,817	\$1,552,748.44
8/1/2014 - 8/31/2014	31	172,359,816	\$1,544,343.95
9/1/2014 - 9/30/2014	30	171,429,523	\$1,536,008.53
10/1/2014 - 10/31/2014	31	170,506,859	\$1,527,741.46
11/1/2014 - 11/30/2014	30	169,591,742	\$1,519,542.01
12/1/2014 - 12/31/2014	31	168,684,095	\$1,511,409.49
1/1/2015 - 1/31/2015	31	167,783,837	\$1,503,343.18
2/1/2015 - 2/28/2015	28	166,890,893	\$1,495,342.40
3/1/2015 - 3/31/2015	31	166,005,186	\$1,487,406.47
4/1/2015 - 4/30/2015	30	165,126,640	\$1,479,534.69
5/1/2015 - 5/31/2015	31	164,255,180	\$1,471,726.41
6/1/2015 - 6/30/2015	30	163,390,734	\$1,463,980.98
TOTAL		2,019,322,322	\$18,093,128.01

3rd QUARTER	517,087,156	\$4,633,100.92
4th QUARTER	508,782,696	\$4,558,692.96
1st QUARTER	500,679,916	\$4,486,092.05
2nd QUARTER	492,772,554	\$4,415,242.08
TOTAL COMPANY	2,019,322,322	\$18,093,128.01

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2015

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/13/2014

INDEX TO DETAIL PART 69 ALLOCATION FORMS

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PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2015

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/13/2014

A-1, 1 of 1

SUMMARY OF REVENUE REQUIREMENT BY ACCESS ELEMENT

A-1, 1 of 1

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		NET INVESTMENT FOR SETTLEMENTS	2,486,380	(NOTE A)	0	0	1,624,278	0	862,102	0	0	0	0	0	0	0	0	0
2		RATE OF RETURN	11.2500%		11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%
3		RETURN ON INVESTMENT	279,718	LN 1*LN 2	0	0	182,731	0	96,986	0	0	0	0	0	0	0	0	0
4		ALLOW FOR FUNDS USED DURING CONSTR	0	A-8,LN 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5		NET RETURN FOR SETTLEMENTS	279,718	LN 3-LN 4	0	0	182,731	0	96,986	0	0	0	0	0	0	0	0	0
6		FEDERAL OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7		FEDERAL OPERATING INCOME TAX - OPTION	102,983	LN 30	0	0	67,276	0	35,707	0	0	0	0	0	0	0	0	0
8		FEDERAL ITC AMORTIZATION	0	A-12,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9		STATE OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10		STATE OPERATING INCOME TAX - OPTION	34,282	LN 36	0	0	22,395	0	11,887	0	0	0	0	0	0	0	0	0
11		STATE ITC AMORTIZATION	0	A-12,LN 23	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12		PROVISION FOR DEFERRED INCOME TAX	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13		OPERATING EXPENSE & OTHER TAXES	22,268,754	A-8,LN 18	0	0	3,783,028	0	2,007,879	16,477,847	0	0	0	0	0	0	0	0
14		NONOPERATING EXP	71,007	A-8,LN 23	0	0	46,387	0	24,620	0	0	0	0	0	0	0	0	0
15		UNCOLLECTIBLES	3,454,456	A-8,LN 28	0	0	2,256,693	0	1,197,762	0	0	0	0	0	0	0	0	0
16		BASIS FOR GROSS RECEIPTS TAX	26,211,200		0	0	6,358,510	0	3,374,842	16,477,847	0	0	0	0	0	0	0	0
17		GROSS RECEIPTS TAX RATE	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
18		GROSS RECEIPTS TAX	0	LN16*LN17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19		TOTAL REVENUE REQUIREMENT	26,211,200	LN16+LN18	0	0	6,358,510	0	3,374,842	16,477,847	0	0	0	0	0	0	0	0

NOTE A: INCLUDES A-2, LN 31 LESS A/C 2004, TPUC - LONG TERM

[illegible]

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PART 69 COST ALLOCATION - TOTAL INTERSTATE

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GENERAL SUPPORT FACILITIES AND MISCELLANEOUS PLANT ALLOCATION

A-3, 1 of 1

LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS				B&C	IX CATEGORY	
					LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		MSG	P.L.
								TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY			
1		BASIS FOR GENERAL SUPPORT FACILITIES															
2		CENTRAL OFFICE EQUIPMENT	25,008,399	A-4,LN 42	0	0	16,337,245	0	8,671,154	0	0	0	0		0	0	
3		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0						0					
4		CWF EXCL CAT 1.3	0	A-5,LN 23	0	0			0	0	0	0		0	0	0	
5		TOTAL	25,008,399		0	0	16,337,245	0	8,671,154	0	0	0	0	0	0	0	
6		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
6a		GENERAL SUPPORT ASSETS															
6b		ALLOCATED	8,652,288	LN 5	0	0	5,652,283	0	3,000,005	0	0	0	0	0	0	0	
6c		DIRECT NON ACCESS	0	DIRECT											0	0	
7		TOTAL GENERAL SUPPORT ASSETS	8,652,288		0	0	5,652,283	0	3,000,005	0	0	0	0	0	0	0	
8		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
8		EQUAL ACCESS EQUIPMENT	0	DIRECT			0										
9		COE,IOT,CWF,GENERAL SUPPORT															
10		AND EQUAL ACCESS EQUIPMENT	33,660,687		0	0	21,989,527	0	11,671,159	0	0	0	0	0	0	0	
11		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
12		TANGIBLE ASSETS															
13		CAPITAL LEASES	0	LN 10	0	0	0	0	0	0	0	0	0	0	0	0	
14		LEASEHOLD IMPROVEMENTS	1,228,010	LN 10	0	0	802,222	0	425,787	0	0	0	0	0	0	0	
15		TOTAL	1,228,010		0	0	802,222	0	425,787	0	0	0	0	0	0	0	
16		INTANGIBLE ASSETS	0	LN 10	0	0	0	0	0	0	0	0	0	0	0	0	
17		MATERIALS AND SUPPLIES	0	LN 10	0	0	0	0	0	0	0	0	0	0	0	0	
18		RTB STOCK	0	LN 10	0	0	0	0	0	0	0	0	0	0	0	0	
19		OTHER JURISDICTIONAL ASSETS	0	LN 10	0	0	0	0	0	0	0	0	0	0	0	0	
20		COE,IOT,CWF,GEN SUPP & EQUAL ACCESS															
21		FOR APPORTIONING PRESUBSCRIPTION	33,660,687		0	0	21,989,527	0	11,671,159	0	0						
22		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%						
23		COE,IOT & CWF EXCL CCL FOR ASSIGNING															
24		CARRIER ACCESS BILLING EXPENSES	25,008,399				16,337,245	0	8,671,154	0	0	0	0	0	0	0	
25		% DISTRIBUTION	100.0000%				65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%			

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
ALLOCATION FACTORS																		
1		STANDARD WORK SECONDS																
2		- MANUAL BOARDS	100.0000%	AL-1,LN 9			0.0000%	0.0000%									100.0000%	
3		- TSPS COMPLEX	100.0000%	AL-1,LN 10			0.0000%	0.0000%									100.0000%	
4		EQUIVALENT ACCESS LINES - MSG COE	0.0000%	AL-1,LN 2	0.0000%	0.0000%								0.0000%				
5		IX CIRCUIT TERMINATIONS - MSG COE	100.0000%	AL-1,LN 6						100.0000%	0.0000%							
CENTRAL OFFICE EQUIPMENT																		
6	2220	OPERATOR SYSTEMS																
7		MANUAL SWITCHBOARDS	0	LN 2			0	0									0	
8		AUXILIARY SWITCHBOARDS																
9		- DIRECTORY ASSISTANCE	0	DIRECT				0										
10		- INTERCEPT	0	DIRECT			0											
11		- OTHER	0	DIRECT													0	
12		SERVICE OBSERVING BOARDS	0	LN 27			0	0	0		0						0	
13		TSPS																
14		- OPERATOR	0	LN 3			0	0									0	
15		- RTA	0	LN 27			0	0	0		0						0	
16		- OTHER	0	LN 27			0	0	0		0						0	
17		TOTAL OPERATOR SYSTEMS	0				0	0	0		0						0	
18	2210	TANDEM SWITCHING EQUIPMENT																
19		ACCESS	8,671,154	DIRECT					8,671,154									
20		NON ACCESS	0	DIRECT													0	
21		TOTAL TANDEM SWITCH	8,671,154						8,671,154								0	
22	2210	LOCAL SWITCHING EQUIPMENT																
23		ACCESS	16,337,245	DIRECT			16,337,245											
24		DEDICATED	0	DIRECT							0							
25		TOTAL LOCAL SWITCH	16,337,245				16,337,245				0							
26		TOTAL CAT1 EXCL SVC OBS, CAT 2 AND 3	25,008,399				16,337,245	0	8,671,154		0						0	
27		% DISTRIBUTION	100.0000%	LN 26			65.3270%	0.0000%	34.6730%		0.0000%						0.0000%	

IOWA NETWORK ACCESS DIVISION
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COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

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CENTRAL OFFICE EQUIPMENT ALLOCATION

A-4,2of2

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
28	2230	CENTRAL OFFICE TRANSMISSION																
29		EXCHANGE WIDEBAND	0	DIRECT						0					0			
30		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0			
31		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0			
32		SUBSCRIBER LINE	0	LN 4/DIRECT	0	0						0	0	0				
33		INTEREXCHANGE CIRCUIT																
34		FURNINSHED OTHERS	0	DIRECT							0				0			
35		ACCESS - BASIC	0	LN 5/DIRECT					0		0				0			
36		ACCESS - SPECIAL	0	DIRECT						0					0			
37		NON ACCESS	0	DIRECT													0	0
38		TOTAL IX CIRCUIT	0						0		0				0		0	0
39		HOST/REMOTE CIRCUIT	0	DIRECT					0						0			
40		EQUIPMENT RENTED OTHERS	0	DIRECT													0	0
41		TOTAL CENTRAL OFFICE TRANSMISSION	0		0	0			0		0	0	0	0			0	0
42		TOTAL CENTRAL OFFICE EQUIPMENT	25,008,399		0	0	16,337,245	0	8,671,154		0	0	0	0			0	0
43		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%		0.0000%	0.0000%	0.0000%	0.0000%			0.0000%	0.0000%
COE RATIOS																		
44		OPERATOR SYSTEMS	0.0000%	LN 17			0.0000%	0.0000%	0.0000%		0.0000%						0.0000%	
45		TANDEM SWITCHING	100.0000%	LN 21					100.0000%								0.0000%	
46		LOCAL SWITCHING	100.0000%	LN 25			100.0000%				0.0000%							
47		CENTRAL OFFICE SWITCHING	100.0000%	LN 21+25			65.3270%		34.6730%		0.0000%						0.0000%	
48		CENTRAL OFFICE TRANSMISSION	100.0000%	LN 37	0.0000%	0.0000%			100.0000%		0.0000%	0.0000%	0.0000%	0.0000%			0.0000%	0.0000%

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IOWA NETWORK ACCESS DIVISION
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COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

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INFORMATION ORIENTATION/TERMINATION AND CABLE AND WIRE FACILITIES

A-5, 1 of 1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
ALLOCATION FACTORS																		
1		EQUIVALENT ACCESS LINES - MSG CWF	0.0000%	AL-1,LN 4	0.0000%	0.0000%						0.0000%						
2		IX CIRCUIT MILES - MSG CWF	100.0000%	AL-1,LN 8						100.0000%	0.0000%							
3	2310	INFORMATION ORIG/TERM																
4		OTHER IOT EQUIPMENT																
5		COIN PUBLIC TELEPHONE	0	DIRECT		0												
6		COINLESS PUBLIC TELEPHONE	0	DIRECT		0												
7		OTHER	0	DIRECT		0							0					
8		SUBTOTAL	0			0							0					
9		NEW CUSTOMER PREMISE EQUIP	0	DIRECT		0							0					
10		TOTAL ORIG/TERM EQUIP	0			0							0					
11		% DISTRIBUTION	0.0000%			0.0000%							0.0000%					
12	2410	CABLE AND WIRE FACILITIES																
13		SUBSCRIBER LINE	0	LN 1/DIRECT		0						0	0					
14		EXCHANGE WIDEBAND	0	DIRECT						0					0			
15a		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0			
15b		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0			
16		INTEREXCHANGE WIDEBAND	0	DIRECT						0					0			
17a		IX TRUNK - ACCESS	0	LN 2/DIRECT						0		0			0			
17b		IX TRUNK - SPECIAL	0	DIRECT								0			0			
18		IX TRUNK - NON ACCESS	0	DIRECT												0	0	
19		HOST/REMOTE	0	DIRECT						0					0			
20		EQUIPMENT FURNISHED OTHERS	0	DIRECT												0	0	
21		TOTAL CABLE AND WIRE FACILITIES	0			0				0	0	0	0		0	0	0	
22		% DISTRIBUTION	100.0000%			0.0000%				100.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	
23		TOTAL CWF EXCLUDING CAT 1.3	0			0				0	0	0	0		0	0	0	
24		% DISTRIBUTION	100.0000%			0.0000%				100.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	

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COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
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OTHER TELECOMMUNICATIONS PLANT ALLOCATION

A-6, 1 of 1

[illegible]

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1	3100	ACCUM DEPRECIATION - PLANT IN SERVICE																
2		GENERAL SUPPORT	6,733,771	A-3,LN 10	0	0	4,398,973	0	2,334,798	0	0	0	0	0	0		0	0
3		CENTRAL OFFICE SWITCHING EQUIPMENT	24,542,943	A-3,LN 10	0	0	16,033,176	0	8,509,767	0	0	0	0	0	0		0	0
4		OPERATOR SYSTEMS EQUIPMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
5		CENTRAL OFFICE TRANSMISSION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
6		UNDISTRIBUTED COE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
7		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
8		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
9		TOTAL ACCUM DEPR - TPIS	31,276,714		0	0	20,432,149	0	10,844,565	0	0	0	0	0	0		0	0
10	3200	ACCUM DEPRECIATION - FUTURE USE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
11		TOTAL ACCUM DEPRECIATION	31,276,714		0	0	20,432,149	0	10,844,565	0	0	0	0	0	0		0	0
12		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
ACCUMULATED AMORTIZATION																		
13	3400	TANGIBLE ASSETS																
14		CAPITAL LEASES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
15		LEASEHOLD IMPROVEMENTS	1,228,010	A-3,LN 10	0	0	802,222	0	425,787	0	0	0	0	0	0		0	0
16		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
17		TOTAL ACCUM AMORT - TANGIBLE	1,228,010		0	0	802,222	0	425,787	0	0	0	0	0	0		0	0
18	3500	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
19	3600	TELEPHONE PLANT ADJUSTMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
20		TOTAL ACCUM AMORTIZATION	1,228,010		0	0	802,222	0	425,787	0	0	0	0	0	0		0	0
21		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
NET OPERATING DEFERRED INC TAX																		
22	4100&	GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
23	4340	CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
25		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26		UNDISTRIBUTED	701,875	A-3,LN 10	0	0	458,514	0	243,361	0	0	0	0	0	0		0	0
27		TOTAL NET DEFERRED INC TAX	701,875		0	0	458,514	0	243,361	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
OTHER DEFERRED CREDITS - NET																		
29	4360	GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
30		CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
31		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
32		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
33		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
34		TOTAL OTHER DEFERRED CREDITS	0		0	0	0	0	0	0	0	0	0	0	0		0	0
35		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

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SUMMARY OF OPERATING EXPENSE AND TAX AND MISCELLANEOUS TAX ITEMS

A-8, 1 of 1

				COMMON LINE			TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		OPERATING EXPENSE AND TAX																
1	6110	NETWORK SUPPORT EXPENSE	0	A-9,LN 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	6120	GENERAL SUPPORT EXPENSE	1,080,866	A-9,LN 7	0	0	706,097	0	374,768	0	0	0	0	0	0	0	0	0
3	6210	CENTRAL OFFICE EXPENSE	816,614	A-9,LN 15	0	0	533,470	0	283,144	0	0	0	0	0	0	0	0	0
4	6310	INFORMATION ORIG/TERM EXP	0	A-9,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	6410	CABLE AND WIRE FACILITIES EXP	14,817,782	A-9,LN 24	0	0	0	0	0	14,817,782	0	0	0	0	0	0	0	0
6	6510	OTHER PLANT EXPENSE	0	A-10,LN 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	6530	NETWORK OPERATIONS EXPENSE	551,662	A-10,LN 7	0	0	360,384	0	191,277	0	0	0	0	0	0	0	0	0
8	6540	ACCESS CHARGE EXPENSE	0	A-10,LN 8													0	0
9	6610	MARKETING EXPENSE	0	A-11,LN 1	0	0	0	0	0	0	0	0	0	0	0		0	0
8	6620	SERVICES EXPENSE	81,194	A-11,LN29	0	0	53,041	0	28,152	0	0	0	0	0	0	0	0	0
11	6710	EXECUTIVE AND PLANNING EXP	790,376	A-12,LN 8	0	0	75,310	0	39,972	675,095	0	0	0	0	0	0	0	0
12	6720	GENERAL AND ADMINISTRATIVE EXP	1,153,167	A-12,LN 9	0	0	109,878	0	58,319	984,970	0	0	0	0	0	0	0	0
13		SUBTOTAL OPERATING EXPENSE	19,291,660		0	0	1,838,181	0	975,633	16,477,847	0	0	0	0	0	0	0	0
14		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	9.5284%	0.0000%	5.0573%	85.4144%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
15	6560	DEPRECIATION AND AMORTIZATION	2,788,820	A-10,LN 19+27	0	0	1,821,853	0	966,967	0	0	0	0	0	0	0	0	0
16	7200	OTHER OPERATING TAX	188,274	A-12,LN 24	0	0	122,994	0	65,280	0	0	0	0	0	0	0	0	0
17		EQUAL ACCESS EXPENSE	0	A-12,LN 12			0											
18		TOTAL OPERATING EXP & TAX	22,268,754		0	0	3,783,028	0	2,007,879	16,477,847	0	0	0	0	0	0	0	0
19		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	16.9881%	0.0000%	9.0166%	73.9954%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
20	7370	NON OPERATING EXPENSE																
21		ABANDONED CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22		CONTRIBUTIONS	71,007	A-3,LN 10	0	0	46,387	0	24,620	0	0	0	0	0	0	0	0	0
23		TOTAL NON OPERATING EXP	71,007		0	0	46,387	0	24,620	0	0	0	0	0	0	0	0	0
24		UNCOLLECTIBLES																
25	5310	END USER MSG TOLL	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	5320	END USER COMMON LINE	0	DIRECT		0												
27	5330	IX CARRIER	3,454,456	A-3,LN 22			2,256,693	0	1,197,762	0	0	0	0	0	0	0	0	0
28		TOTAL UNCOLLECTIBLES	3,454,456		0	0	2,256,693	0	1,197,762	0	0	0	0	0	0	0	0	0
29	7340	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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PLANT SPECIFIC EXPENSE ALLOCATION

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PLANT NON SPECIFIC EXPENSE ALLOCATION

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					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		CENTRAL OFFICE EQUIPMENT	25,008,399	A-4,LN 38	0	0	16,337,245	0	8,671,154		0	0	0	0			0	0
2		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0							0					
3		CABLE AND WIRE FACILITIES	0	A-5,LN 21	0	0				0	0	0	0		0		0	0
4		TOTAL	25,008,399		0	0	16,337,245	0	8,671,154	0	0	0	0	0	0		0	0
5		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
6	6510	PLANT NONSPECIFIC EXPENSE OTHER PROP PLANT & EQUIP EXPENSE	0	LN 5	0	0	0	0	0	0	0	0	0	0	0		0	0
7	6530	NETWORK OPERATIONS EXPENSE	551,662	LN 5	0	0	360,384	0	191,277	0	0	0	0	0	0		0	0
8	6540	ACCESS CHARGE EXPENSE	0	DIRECT													0	0
9	6560	DEPRECIATION EXPENSE																
10		GENERAL SUPPORT	1,015,649	A-3,LN 7	0	0	663,494	0	352,156	0	0	0	0	0	0		0	0
11		CENTRAL OFFICE SWITCHING EQUIPMENT	1,773,170	A-4,LN 47			1,158,359		614,811		0						0	0
12		OPERATOR SYSTEMS EQUIPMENT	0	A-4,LN 44			0	0	0		0						0	0
13		CENTRAL OFFICE TRANSMISSION	0	A-4,LN 48	0	0			0		0	0	0	0			0	0
14		UNDISTRIBUTED COE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0			0	0
15		INFORMATION ORIG/TERM	0	A-5,LN 11	0	0							0					
16		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0		0		0	0
17		TOTAL DEP EXP - PLANT IN SERVICE	2,788,820		0	0	1,821,853	0	966,967	0	0	0	0	0	0		0	0
18		PROPERTY HELD FOR FUTURE USE	0	A-6,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
19		TOTAL DEPRECIATION EXPENSE	2,788,820		0	0	1,821,853	0	966,967	0	0	0	0	0	0		0	0
20		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
21	6563	AMORTIZATION EXPENSE CAPITAL LEASE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
22	6563	LEASEHOLD IMPROVEMNTS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
23	6563	UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		SUBTOTAL	0		0	0	0	0	0	0	0	0	0	0	0		0	0
25	6564	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26	6565	OTHER - TEL PLANT ADJUSTMENT	0	A-6,LN 28	0	0	0	0	0	0	0	0	0	0	0		0	0
27		TOTAL AMORTIZATION EXPENSE	0		0	0	0	0	0	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
29		TOTAL PLANT NON SPECIFIC EXPENSE	3,340,481		0	0	2,182,237	0	1,158,244	0	0	0	0	0	0		0	0
30		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

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CUSTOMER OPERATIONS EXPENSE ALLOCATION

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			COMMON LINE			TRAFFIC SENSITIVE					SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL MILEAGE		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		CUSTOMER OPERATIONS EXPENSES																
1	6610	MARKETING	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
2		TELEPHONE OPERATOR SERVICES																
3	6621	- CALL COMPLETION INCL DA	0	SWS-OPERATORS			0	0									0	
4		- OPERATOR SERVICES UNDER CONTRACT	0	DIRECT			0	0									0	
5	6622	PUBLISHED DIRECTORY LISTINGS	0	DIRECT				0										
6	6623	ALL OTHER																
7	1.0	LOCAL BUSINESS OFFICE																
8		- END USER SVC ORDER PROCESSING																
9		- PRESUBSCRIPTION	0	A-3,LN 20	0	0	0	0	0	0	0							
10		- OTHER	0	AL-1,LN 12									0			0	0	
11		- END USER PAYMENT & COLLECTION	0	AL-1,LN 13		0							0			0	0	
12		- END USER BILLING INQUIRY	0	AL-1,LN 14		0							0			0	0	
13		- IX CARRIER SVC ORDER PROCESSING	0	AL-1,LN 15	0	0	0	0	0	0	0		0			0	0	
14		- IX CARRIER PAYMENT & COLLECTION	80,885	AL-1,LN 16	0	0	52,840	0	28,045	0	0		0			0	0	
15		- IX CARRIER BILLING INQUIRY	0	AL-1,LN 17	0	0	0	0	0	0	0		0			0	0	
16		- COIN COLLECT AND ADMINISTRATION	0	AL-1,LN 18	0	0												
17		SUBTOTAL LOCAL BUSINESS OFFICE	80,885		0	0	52,840	0	28,045	0	0		0	0		0	0	
18	2.0	CUSTOMER SERVICES (REV ACCTG)																
19		- MESSAGE PROCESSING																
20		- TOLL TICKET PROCESSING	0	DIRECT												0		
21		- LOCAL MESSAGE PROCESSING	0	DIRECT												0		
22		- OTHER BILLING & COLLECTION	0	DIRECT												0		
23		- END USER COMMON LINE	0	DIRECT		0												
24		- CARRIER ACCESS BILLING (CABS)	290	A-3,LN 22			189	0	101	0	0		0	0	0	0	0	0
25		SUBTOTAL CUSTOMER SERVICES	290		0	0	189	0	101	0	0		0	0	0	0	0	0
26		TOTAL CAT 1 AND CAT 2	81,175		0	0	53,029	0	28,146	0	0		0	0	0	0	0	0
27		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
28	3.0	ALL OTHER CUSTOMER SERVICE	19	/LN 34	0	0	12	0	6	0	0		0	0	0	0	0	0
29		TOTAL SERVICES EXPENSE	81,194		0	0	53,041	0	28,152	0	0		0	0	0	0	0	0
30		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
31		TOTAL CUSTOMER OPERATIONS EXPENSE	81,194		0	0	53,041	0	28,152	0	0		0	0	0	0	0	0
32		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
33		CUSTOMER OPERATIONS EXCL MARKETING	81,175		0	0	53,029	0	28,146	0	0		0	0	0	0	0	0
34		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	65.3270%	0.0000%	34.6730%	0.0000%	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	CHANNEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		BIG THREE EXPENSES																
1		PLANT SPECIFIC EXPENSE	16,715,262	A-9,LN 25	0	0	1,239,567	0	657,913	14,817,782	0	0	0	0	0		0	0
2		OTHER PLANT EXPENSE	0	A-10,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
3		NETWORK OPERATIONS EXPENSE	551,662	A-10,LN 8	0	0	360,384	0	191,277	0	0	0	0	0	0		0	0
4		ACCESS CHARGE EXPENSE	0	A-10,LN 9													0	0
5		CUSTOMER OPERATIONS EXPENSE	81,194	A-11,LN 31	0	0	53,041	0	28,152	0	0	0	0	0	0	0	0	0
6		TOTAL BIG THREE EXPENSES	17,348,117		0	0	1,652,993	0	877,342	14,817,782	0	0	0	0	0	0	0	0
7		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	9.5284%	0.0000%	5.0573%	85.4144%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
		CORPORATE OPERATING EXPENSE																
8	6710	EXECUTIVE AND PLANNING	790,376	LN 7	0	0	75,310	0	39,972	675,095	0	0	0	0	0	0	0	0
9	6720	GENERAL AND ADMINISTRATIVE	1,153,167	LN 7	0	0	109,878	0	58,319	984,970	0	0	0	0	0	0	0	0
10		TOTAL CORPORATE OPERATIONS	1,943,544		0	0	185,188	0	98,290	1,660,065	0	0	0	0	0	0	0	0
11		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	9.5284%	0.0000%	5.0573%	85.4144%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
12		EQUAL ACCESS EXPENSE	0	DIRECT			0											
13	7500	INTEREST EXPENSE																
14		CAPITAL LEASE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15		OTHER	79,809	A-3,LN 10	0	0	52,137	0	27,672	0	0	0	0	0	0	0	0	0
16		TOTAL	79,809		0	0	52,137	0	27,672	0	0	0	0	0	0	0	0	0
17		OTHER INCOME ADJUSTMENTS																
18		BASED ON PLANT	0	A-2,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19		BASED ON EXPENSE	0	LN 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
21		OPERATING TAXES																
22	7210	FEDERAL ITC AMORTIZATION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	7210	STATE ITC AMORTIZATION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	7240	OTHER OPERATING TAXES	188,274	A-3,LN 10	0	0	122,994	0	65,280	0	0	0	0	0	0	0	0	0
25		TOTAL OPERATING TAXES	188,274		0	0	122,994	0	65,280	0	0	0	0	0	0	0	0	0

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DEVELOPMENT OF JOINT USE FACILITIES ALLOCATION FACTORS

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REVENUE REQUIREMENT SUMMARY

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LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	REVENUE REQUIREMENT SUMMARY							
1	NET INVESTMENT FOR SETTLEMENTS			3,006,095	NOTE A	0	2,486,380	519,715
2	RATE OF RETURN					11.2500%	11.2500%	9.5000%
3	RETURN ON INVESTMENT			329,091	LN1*LN 2	0	279,718	49,373
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8,LN 29	0	0	0
5	NET RETURN FOR SETTLEMENTS			329,091	LN3-LN4	0	279,718	49,373
6	TOTAL ITC AMORTIZATION			0	S-12,LN 28+29	0	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0	S-12,LN 30	0	0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		120,221	LN28-LN11	0	102,983	17,238
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0	S-12,LN 31	0	0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		40,020	LN 33	0	34,282	5,738
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12,LN 33	0	0	0
13	OPERATING EXPENSE AND TAX			27,252,558	S-8,LN 18	0	22,268,754	4,983,804
14	NONOPERATING EXPENSE			87,286	S-8,LN 23	0	71,007	16,278
15	UNCOLLECTIBLES			3,992,932	S-8,LN 28	0	3,454,456	538,476
16	BASIS FOR GROSS RECEIPTS TAX			31,822,108		0	26,211,200	5,610,908
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0	0
19	TOTAL REVENUE REQUIREMENT			31,822,108		0	26,211,200	5,610,908

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402 OTHER THAN RTB STOCK.

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	OPTIONAL GROSS UP INCOME TAX CALCULATION							
20	RETURN ON INVESTMENT			329,091	LN 3	0	279,718	49,373
21	INTEREST AND RELATED ITEMS			95,720	S-12, LN 19	0	79,809	15,910
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 24+25	0	0	0
23	TOTAL INCOME ADJUSTMENTS			95,720	LN 21+22	0	79,809	15,910
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 28	0	0	0
25	FEDERAL TAXABLE INCOME			353,592		0	302,891	50,701
26	FEDERAL INCOME TAX @	34.00%		120,221	LN 25*FIT	0	102,983	17,238
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 34	0	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			120,221	LN26-LN27	0	102,983	17,238
29	STATE ITC AMORTIZATION			0	S-12, LN 29	0	0	0
30	STATE TAXABLE INCOME			333,502		0	285,682	47,820
31	STATE INCOME TAX @	12.00%		40,020	LN 30*SIT	0	34,282	5,738
32	STATE SURTAX EXEMPTION			0	S-2, LN 34	0	0	0
33	NET STATE INCOME TAX BEFORE ITC			40,020		0	34,282	5,738

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SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

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LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	NET INVESTMENT SUMMARY							
1	GENERAL SUPPORT FACILITIES	2110		10,377,156	S-3,LN 10	0	8,652,288	1,724,869
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		29,993,925	S-4,LN 52	0	25,008,399	4,985,526
3	OPERATOR SYSTEMS EQUIPMENT	2220		0	S-4,LN 41	0	0	0
4	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		0	S-4,LN 78	0	0	0
5	INFORMATION ORIG/TERM EQUIPMENT	2310		0	S-5,LN 17	0	0	0
6	CABLE AND WIRE FACILITIES	2410		0	S-5,LN 42	0	0	0
7	TANGIBLE ASSETS	2680		1,472,819	S-3,LN 29	0	1,228,010	244,809
8	INTANGIBLE ASSETS	2690		0	S-3,LN 36	0	0	0
9	TOTAL PLANT IN SERVICE A/C 2001			41,843,900		0	34,888,696	6,955,204
10	% DISTRIBUTION			100.0000%		0.0000%	83.3782%	16.6218%
11	PROPERTY HELD FOR FUTURE USE	2002		0	S-6,LN 9	0	0	0
12	PLANT UNDER CONSTR - SHORT TERM	2003		0	S-6,LN 15	0	0	0
13	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6,LN 21	0	0	0
14	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6,LN 27	0	0	0
15	NONOPERATING PLANT	2006		0	DIRECT			0
16	GOODWILL	2007		0	DIRECT			0
17	TOTAL PROPERTY, PLANT & EQUIPMENT			41,843,900		0	34,888,696	6,955,204
18	% DISTRIBUTION			100.0000%		0.0000%	83.3782%	16.6218%
19	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		37,511,854	S-7,LN 18	0	31,276,714	6,235,141
20	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7,LN 19	0	0	0
21	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		1,472,819	S-7,LN 23	0	1,228,010	244,809
22	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7,LN 24	0	0	0
23	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7,LN 25	0	0	0
24	OPERATING DEFERRED INCOME TAX - NET	VAR		841,797	S-7,LN 32	0	701,875	139,922
25	OTHER DEFERRED CREDITS - NET	4360		0	S-7,LN 38	0	0	0
26	NET TELEPHONE PLANT			2,017,431		0	1,682,098	335,333
27	% DISTRIBUTION			100.0000%		0.0000%	83.3782%	16.6218%
28	MATERIALS AND SUPPLIES	1220		0	S-6,LN 31	0	0	0
29	INVESTMENT IN NONAFFILIATED CO'S	1402		0	S-6,LN 35	0	0	0
30	EQUAL ACCESS EQUIPMENT	1439		0	S-6,LN 36	0	0	0
31	OTHER JURISDICTIONAL ASSETS	1500		0	S-6,LN 37	0	0	0
32	CASH WORKING CAPITAL	XXXX		988,664	S-3,LN 3	0	804,282	184,382
33	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			3,006,095		0	2,486,380	519,715
34	% DISTRIBUTION			100.0000%		0.0000%	82.7113%	17.2887%

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SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	OPERATING EXPENSE AND TAX SUMMARY							
1	NETWORK SUPPORT EXPENSE	6110		0	S-9,LN 7	0	0	0
2	GENERAL SUPPORT EXPENSE	6120		1,296,341	S-9,LN 8	0	1,080,866	215,475
3	CENTRAL OFFICE EXPENSE	6210		979,410	S-9,LN 15	0	816,614	162,795
4	INFORMATION ORIG/TERM EXPENSE	6310		0	S-9,LN 21	0	0	0
5	CABLE AND WIRE FACILITIES EXPENSE	6410		18,248,747	S-9,LN 25	0	14,817,782	3,430,965
6	OTHER PLANT EXPENSE	6510		0	S-10,LN 11	0	0	0
7	NETWORK OPERATIONS EXPENSE	6530		661,638	S-10,LN 13	0	551,662	109,976
8	ACCESS CHARGE EXPENSE	6540		0	S-10,LN 14	0	0	0
9	MARKETING EXPENSE	6610		0	S-11,LN 13	0	0	0
10	SERVICES EXPENSE	6620		106,732	S-11,LN 44	0	81,194	25,538
11	EXECUTIVE AND PLANNING EXPENSE	6710		971,571	S-12,LN 8+9	0	790,376	181,194
12	GENERAL AND ADMINISTRATIVE EXPENSE	6720		1,417,531	S-12,LN 11+12	0	1,153,167	264,364
13	SUBTOTAL OPERATING EXPENSES			23,681,968		0	19,291,660	4,390,308
14	% DISTRIBUTION			100.0000%		0.0000%	81.4614%	18.5386%
15	DEPRECIATION AND AMORTIZATION	6560		3,344,782	S-10,LN 22+29	0	2,788,820	555,963
16	OTHER OPERATING TAX	7240		225,808	S-12,LN 32	0	188,274	37,533
17	EQUAL ACCESS EXPENSE			0	S-12,LN 15	0	0	0
18	TOTAL OPERATING EXPENSE AND TAX			27,252,558		0	22,268,754	4,983,804
19	% DISTRIBUTION			100.0000%		0.0000%	81.7125%	18.2875%
	NON OPERATING EXPENSE							
		7370						
20	ABANDONED CONSTRUCTION			0	S-2,LN 10	0	0	0
21	CONTRIBUTIONS			87,286	S-12,LN 14	0	71,007	16,278
22	OTHER NON OPERATING EXPENSE			0	DIRECT			0
23	TOTAL NON OPERATING EXPENSE			87,286		0	71,007	16,278
24	% DISTRIBUTION			100.0000%		0.0000%	81.3504%	18.6496%
	UNCOLLECTIBLES							
25	END USER MSG TOLLS	5310		0	DIRECT	0	0	0
26	END USER COMMON LINE	5320		0	DIRECT	0	0	0
27	IX CARRIER	5330		3,992,932	S-11,LN 5	0	3,454,456	538,476
28	TOTAL UNCOLLECTIBLES			3,992,932		0	3,454,456	538,476
29	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12,LN 3	0	0	0

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/14 - 6/30/15

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
6/13/2014

S-1,1 of 1

REVENUE REQUIREMENT SUMMARY

S-1,1 of 1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	REVENUE REQUIREMENT SUMMARY						
1	NET INVESTMENT FOR SETTLEMENTS			51,742,219	NOTE A	3,006,095	48,736,125
2	RATE OF RETURN					10.9475%	9.5319%
3	RETURN ON INVESTMENT			4,974,559	LN1*LN 2	329,091	4,645,469
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8,LN 30	0	0
5	NET RETURN FOR SETTLEMENTS			4,974,559	LN 3-LN 4	329,091	4,645,469
6	TOTAL ITC AMORTIZATION			0	S-12,LN 32	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0		0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		2,412,062	LN28-LN11	120,221	2,291,840
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0		0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		802,946	LN 32	40,020	762,925
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12,LN 36	0	0
13	OPERATING EXPENSE AND TAX			93,626,257	S-8,LN 20	27,252,558	66,373,699
14	NONOPERATING EXPENSE			375,000	S-8,LN 25	87,286	287,714
15	UNCOLLECTIBLES			3,992,932	S-8,LN 29	3,992,932	0
16	BASIS FOR GROSS RECEIPTS TAX			106,183,756		31,822,108	74,361,648
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0
19	TOTAL REVENUE REQUIREMENT			106,183,756		31,822,108	74,361,648

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402.

OPTIONAL GROSS UP INCOME TAX CALCULATION						
20	RETURN ON INVESTMENT		4,974,559	LN 3	329,091	4,645,469
21	INTEREST AND RELATED ITEMS		292,322	S-12, LN 22	95,720	196,602
22	OTHER INCOME ADJUSTMENTS		0	S-12, LN 27+28	0	0
23	TOTAL INCOME ADJUSTMENTS		292,322	LN 21+22	95,720	196,602
24	FEDERAL ITC AMORTIZATION		0	S-12, LN 32	0	0
25	FEDERAL TAXABLE INCOME		7,094,299		353,592	6,740,707
26	FEDERAL INCOME TAX @	34.00%	2,412,062	LN 25*FIT	120,221	2,291,840
27	FEDERAL SURTAX ALLOCATION		0	S-2, LN 32	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC		2,412,062	LN26-LN27	120,221	2,291,840
29	STATE TAXABLE INCOME		6,691,214		333,502	6,357,712
30	STATE INCOME TAX @	12.00%	802,946	LN 29*SIT	40,020	762,925
31	STATE SURTAX EXEMPTION		0	S-2, LN 32	0	0
32	NET STATE INCOME TAX BEFORE ITC		802,946	LN30-LN31	40,020	762,925

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/14 - 6/30/15

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
6/13/2014

S-2,1of1

SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

S-2,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	NET INVESTMENT SUMMARY						
1	GENERAL SUPPORT FACILITIES	2110		25,341,110	S-3,LN 27	10,377,156	14,963,954
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		44,014,651	S-4,LN 17	29,993,925	14,020,726
3	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		51,552,721	S-4,LN 31	0	51,552,721
4	CABLE AND WIRE FACILITIES	2410		59,282,926	S-5,LN 16	0	59,282,926
5	TANGIBLE ASSETS	2680		3,596,636	S-3,LN 54	1,472,819	2,123,818
6	INTANGIBLE ASSETS	2690		0	S-3,LN 61	0	0
7	TOTAL PLANT IN SERVICE A/C 2001			183,788,044		41,843,900	141,944,144
8	% DISTRIBUTION			100.0000%		22.7675%	77.2325%
9	PROPERTY HELD FOR FUTURE USE	2002		0	S-6,LN 9	0	0
10	PLANT UNDER CONSTR - SHORT TERM	2003		0	S-6,LN 15	0	0
11	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6,LN 21	0	0
12	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6,LN 27	0	0
13	NONOPERATING PLANT	2006		2,173,393	DIRECT		2,173,393
14	GOODWILL	2007		0	DIRECT		0
15	TOTAL PROPERTY, PLANT & EQUIPMENT			185,961,437		41,843,900	144,117,536
16	% DISTRIBUTION			100.0000%		22.5014%	77.4986%
17	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		128,713,980	S-7,LN 30	37,511,854	91,202,125
18	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7,LN 31	0	0
19	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		3,596,636	S-7,LN 36	1,472,819	2,123,818
20	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7,LN 37	0	0
21	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7,LN 38	0	0
22	OPERATING DEFERRED INCOME TAX - NET	VAR		3,757,257	S-7,LN 44	841,797	2,915,461
23	OTHER DEFERRED CREDITS - NET	4360		0	S-7,LN 49	0	0
24	NET TELEPHONE PLANT			49,893,564		2,017,431	47,876,133
25	% DISTRIBUTION			100.0000%		4.0435%	95.9565%
26	MATERIALS AND SUPPLIES	1220		621,079	S-6,LN 32	0	621,079
27	PREPAID EXPENSES	1300		0	S-6,LN 37	0	0
28	INVESTMENT IN NONAFFILIATED CO'S	1402		162,795,796	S-6,LN 38	0	162,795,796
29	OTHER JURISDICTIONAL ASSETS	1500		0	S-6,LN 39	0	0
30	CASH WORKING CAPITAL	XXXX		3,400,969	COMPUTED	988,664	2,412,306
31	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			216,711,408		3,006,095	213,705,314
32	% DISTRIBUTION			100.0000%		1.3871%	98.6129%

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/14 - 6/30/15

COST SUPPORT MATERIAL
PART 64 SEPARATIONS

SECTION 5
6/13/2014

S-8,1of1

SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	OPERATING EXPENSE AND TAX SUMMARY						
1	NETWORK SUPPORT EXPENSE	6110		314,787	S-9,LN 13-23	107,100	207,687
2	GENERAL SUPPORT EXPENSE	6120		2,790,496	S-9,LN 24-27	1,189,240	1,601,256
3	CENTRAL OFFICE EXPENSE	6210		3,380,124	S-9,LN 33	979,410	2,400,714
4	CABLE AND WIRE FACILITIES EXPENSE	6410		22,946,170	S-9,LN 35	18,248,747	4,697,423
5	OTHER PLANT EXPENSE	6510		22,746,723	S-10,LN 6	0	22,746,723
6	NETWORK OPERATIONS EXPENSE	6530		5,621,071	S-10,LN 13	661,638	4,959,433
7	ACCESS CHARGE EXPENSE	6540		6,411,600	S-10,LN 15	0	6,411,600
8	MARKETING EXPENSE	6610		4,229,836	S-11,LN 15	0	4,229,836
9	SERVICES EXPENSE	6620		3,030,438	S-11,LN 39	106,732	2,923,706
10	EXECUTIVE AND PLANNING EXPENSE	6710		2,376,412	S-12,LN 7	971,571	1,404,841
11	GENERAL AND ADMINISTRATIVE EXPENSE	6720		6,832,519	S-12,LN 8-15	1,417,531	5,414,988
12	SUBTOTAL OPERATING EXPENSES			80,680,176		23,681,968	56,998,208
13	% DISTRIBUTION			100.0000%		29.3529%	70.6471%
14	DEPRECIATION - PLANT IN SERVICE	6561		11,919,017	S-10,LN 33	3,344,782	8,574,235
15	DEPRECIATION - FUTURE USE	6562		0	S-10,LN 34	0	0
16	AMORTIZATION - TANGIBLES	6563		0	S-3,LN42-44	0	0
17	AMORTIZATION - INTANGIBLES	6564		0	S-3,LN 45	0	0
18	AMORTIZATION - OTHER	6565		0	S-3,LN 46	0	0
19	OTHER OPERATING TAX	7240		1,027,064	S-12,LN 35	225,808	801,256
20	TOTAL OPERATING EXPENSE AND TAX			93,626,257		27,252,558	66,373,699
21	% DISTRIBUTION			100.0000%		29.1078%	70.8922%
	NON OPERATING EXPENSE	7370					
22	ABANDONED CONSTRUCTION			0	S-2,LN 8	0	0
23	CONTRIBUTIONS			266,565	S-12,LN 2	87,286	179,279
24	ALL OTHER			108,435	S-12,LN 2	0	108,435
25	TOTAL NON OPERATING EXPENSE			375,000		87,286	287,714
26	% DISTRIBUTION			100.0000%		23.2762%	76.7238%
	UNCOLLECTIBLES						
27	END USER MSG TOLLS	5310		0	DIRECT	XXX	XXX
28	IX CARRIER	5330		3,992,932	DIRECT	3,992,932	0
29	TOTAL UNCOLLECTIBLES			3,992,932		3,992,932	0
30	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12,LN 4	0	0

PUBLIC VERSION

COS-1(P)
Filing Date:
Filing Entity:
Transmittal Number :
COSA:

6/15/2014
Iowa Network Access Division

INIAAN14

Rate-of Return TRP
Cost Analysis Summary
Test Year, 7/14 to 6/15

	Total Company (A)	Part 64 Adjustments (B)	Other Adjustments (C)	Subject to Separations (D)	Total Interstate (E)	Billing & Collection (F)	Interstate Inter- exchange (G)	ROR Regulated I/S Access (H)	Pay Phone (I)	Inside Wire (J)	BFP (K)	Total Common Line (L)	Total Switched Traffic Sensitive (M)	Special Access (N)
Revenues														
100 Network Access	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18,093,128	0	0	0	0	18,093,128	0
110 Uncollectibles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0
120 Common Line Support	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
130 Long Term	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
140 Transitional	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
150 Miscellaneous	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26,706	0	0	0	0	26,706	0
160 Net Revenues	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18,119,834	0	0	0	0	18,119,834	0
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Expenses														
170 Plant Specific	n/a	n/a	n/a	n/a	16,715,262	0	0	16,715,262	0	0	0	0	16,715,262	0
171 Network Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0
172 General Support	1,296,341	0	0	1,296,341	1,080,866	0	0	1,080,866	0	0	0	0	1,080,866	0
173 Central Office	979,410	0	0	979,410	816,614	0	0	816,614	0	0	0	0	816,614	0
174 Operator Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0
175 COE Switching	979,410	0	0	979,410	816,614	0	0	816,614	0	0	0	0	816,614	0
176 COE Transmission	0	0	0	0	0	0	0	0	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
178 Cable & Wire Facilities	18,248,747	0	0	18,248,747	14,817,782	0	0	14,817,782	0	0	0	0	14,817,782	0
180 Plant Non-Sp. Less Dep/Amor	n/a	n/a	n/a	n/a	551,662	0	0	551,662	0	0	0	0	551,662	0
190 Depreciation / Amortization	3,344,782	0	0	3,344,782	2,788,820	0	0	2,788,820	0	0	0	0	2,788,820	0
200 Customer Operations	n/a	n/a	n/a	n/a	81,194	0	0	81,194	0	0	0	0	81,194	0
201 Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0
203 Revenue Accounting	106,732	0	0	106,732	81,194	0	0	81,194	0	0	0	0	81,194	0
204 Other Billing & Collection	0	0	0	0	0	0	0	0	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	n/a	n/a	n/a	n/a	1,943,544	0	0	1,943,544	0	0	0	0	1,943,544	0
230 AFUDC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0
240 Other Exp. & Adjustments	n/a	n/a	n/a	n/a	3,525,463	0	0	3,525,463	0	0	0	0	9,138,929	0
250 Taxes Other than FIT	n/a	n/a	n/a	n/a	171,757	0	0	171,757	0	0	0	0	171,757	0
260 Total Exp and Other Taxes	n/a	n/a	n/a	n/a	25,777,702	0	0	25,777,702	0	0	0	0	31,391,168	0
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FIT Adjustments														
270 Adjustment for FIT	95,720	0	0	95,720	79,809	0	0	79,809	0	0	0	0	79,809	0
280 Amortized ITC	0	0	0	0	0	0	0	0	0	0	0	0	0	0
290 Federal Income Taxes	n/a	n/a	n/a	n/a	0	n/a	n/a	(2,630,810)	0	0	0	0	(4,539,389)	0
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300 Total Expenses & Taxes	n/a	n/a	n/a	n/a	25,697,893	n/a	n/a	23,067,083	0	0	0	0	26,771,970	0
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Telephone Plant in Service														
310 General Support	10,377,156	0	0	10,377,156	8,652,288	0	0	8,652,288	0	0	0	0	8,652,288	0
320 Central Office Equip-Switch	29,993,925	0	0	29,993,925	25,008,399	0	0	25,008,399	0	0	0	0	25,008,399	0
321 Operator Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0	0	0	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
324 Equal Access	29,993,925	0	0	29,993,925	25,008,399	0	0	25,008,399	0	0	0	0	25,008,399	0
330 Central Office Equip-Trans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0	0	0	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0	0	0	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0	0	0	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
360 Amortizable Assets	1,472,819	0	0	1,472,819	1,228,010	0	0	1,228,010	0	0	0	0	1,228,010	0
370 Total Plant In Service	41,843,900	0	0	41,843,900	34,888,697	0	0	34,888,697	0	0	0	0	34,888,697	0
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Adjustments to TPIS														
380 Depr / Amor Reserve	38,984,673	0	0	38,984,673	32,504,724	0	0	32,504,724	0	0	0	0	32,504,724	0
390 Accum Deferred Income Tax	841,797	0	0	841,797	701,875	0	0	701,875	0	0	0	0	701,875	0
400 Other Rate Base Adjust.	n/a	n/a	n/a	n/a	804,282	0	0	804,282	0	0	0	0	804,282	0
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Return Data														
410 Average Rate Base	n/a	n/a	n/a	n/a	2,486,380	n/a	n/a	2,486,380	0	0	0	0	2,486,380	0
420 Return	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(5,027,058)	0	0	0	0	(8,731,945)	0
430 Rate of Return	n/a	n/a	n/a	n/a	n/a	n/a	11.25%	-202.18%	0.00%	0.00%	0.00%	0.00%	-351.19%	0.00%

PUBLIC VERSION

COS-1(H)
Filing Date: 6/15/2014
Filing Entity: Iowa Network Access Division
Transmittal Number :
COSA: INIAAN14

Rate-of Return TRP
Cost Analysis Summary
Historical, Calendar Year 2013

	Total Company (A)	Part 64 Adjustments (B)	Other Adjustments (C)	Subject to Separations (D)	Total Interstate (E)	Billing & Collection (F)	Interstate Inter- exchange (G)	ROR Regulated I/S Access (H)	Pay Phone (I)	Inside Wire (J)	BFP (K)	Total Common Line (L)	Total Switched Traffic Sensitive (M)	Special Access (N)
Revenues														
100 Network Access	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20,897,089	0	0	0	0	20,897,089	0
110 Uncollectibles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0
120 Common Line Support	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
130 Long Term	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
140 Transitional	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	n/a	n/a
150 Miscellaneous	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25,191	0	0	0	0	25,191	0
160 Net Revenues	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20,922,280	0	0	0	0	20,922,280	0
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Expenses														
170 Plant Specific	n/a	n/a	n/a	n/a	13,096,812	0	0	13,096,812	0	0	0	0	13,096,812	0
171 Network Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0
172 General Support	1,070,396	0	0	1,070,396	912,680	0	0	912,680	0	0	0	0	912,680	0
173 Central Office	1,152,089	0	0	1,152,089	982,335	0	0	982,335	0	0	0	0	982,335	0
174 Operator Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0
175 COE Switching	1,152,089	0	0	1,152,089	982,335	0	0	982,335	0	0	0	0	982,335	0
176 COE Transmission	0	0	0	0	0	0	0	0	0	0	0	0	0	0
177 IOT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
178 Cable & Wire Facilities	13,219,456	0	0	13,219,456	11,201,797	0	0	11,201,797	0	0	0	0	11,201,797	0
180 Plant Non-Sp. Less Dep/Amor	n/a	n/a	n/a	n/a	571,433	0	0	571,433	0	0	0	0	571,433	0
190 Depreciation / Amortization	2,754,522	0	0	2,754,522	2,348,660	0	0	2,348,660	0	0	0	0	2,348,660	0
200 Customer Operations	n/a	n/a	n/a	n/a	82,628	0	0	82,628	0	0	0	0	82,628	0
201 Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
202 Local Business Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0
203 Revenue Accounting	109,836	0	0	109,836	82,628	0	0	82,628	0	0	0	0	82,628	0
204 Other Billing & Collection	0	0	0	0	0	0	0	0	0	0	0	0	0	0
210 Access	n/a	n/a	n/a	n/a	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
220 Corporate Operations	n/a	n/a	n/a	n/a	1,764,084	0	0	1,764,084	0	0	0	0	1,764,084	0
230 AFUDC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0
240 Other Exp. & Adjustments	n/a	n/a	n/a	n/a	2,642,672	0	0	2,642,672	0	0	0	0	2,642,672	0
250 Taxes Other than FIT	n/a	n/a	n/a	n/a	320,674	0	0	320,674	0	0	0	0	320,674	0
260 Total Exp and Other Taxes	n/a	n/a	n/a	n/a	20,826,963	0	0	20,826,963	0	0	0	0	20,826,963	0
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FIT Adjustments														
270 Adjustment for FIT	8,717	0	0	8,717	7,433	0	0	7,433	0	0	0	0	7,433	0
280 Amortized ITC	0	0	0	0	0	0	0	0	0	0	0	0	0	0
290 Federal Income Taxes	n/a	n/a	n/a	n/a	57,974	n/a	n/a	29,881	0	0	0	0	29,881	0
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300 Total Expenses & Taxes	n/a	n/a	n/a	n/a	20,877,504	n/a	n/a	20,849,411	0	0	0	0	20,849,411	0
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Telephone Plant in Service														
310 General Support	6,493,252	0	0	6,493,252	5,536,510	0	0	5,536,510	0	0	0	0	5,536,510	0
320 Central Office Equip-Switch	29,487,983	0	0	29,487,983	25,143,106	0	0	25,143,106	0	0	0	0	25,143,106	0
321 Operator Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0
322 Tandem Switching	0	0	0	0	0	0	0	0	0	0	0	0	0	0
323 Local Switching Cat. 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
324 Equal Access	29,487,983	0	0	29,487,983	25,143,106	0	0	25,143,106	0	0	0	0	25,143,106	0
330 Central Office Equip-Trans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
331 Subscriber Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0
332 Exchange Circuit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
333 Interexchange Circuit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
334 Host Remote	0	0	0	0	0	0	0	0	0	0	0	0	0	0
340 Cable & Wire	0	0	0	0	0	0	0	0	0	0	0	0	0	0
341 Subscriber Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0
342 Exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0
343 Interexchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0
344 Host Remote	0	0	0	0	0	0	0	0	0	0	0	0	0	0
350 Info Orig/Term Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
360 Amortizable Assets	1,222,043	0	0	1,222,043	1,041,982	0	0	1,041,982	0	0	0	0	1,041,982	0
370 Total Plant In Service	37,203,278	0	0	37,203,278	31,721,598	0	0	31,721,598	0	0	0	0	31,721,598	0
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Adjustments to TPIS														
380 Depr / Amor Reserve	34,687,644	0	0	34,687,644	29,576,628	0	0	29,576,628	0	0	0	0	29,576,628	0
390 Accum Deferred Income Tax	833,519	0	0	833,519	710,705	0	0	710,705	0	0	0	0	710,705	0
400 Other Rate Base Adjust.	n/a	n/a	n/a	n/a	728,196	0	0	728,196	0	0	0	0	728,196	0
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Return Data														
410 Average Rate Base	n/a	n/a	n/a	n/a	2,162,461	n/a	n/a	2,162,461	0	0	0	0	2,162,461	0
420 Return	n/a	n/a	n/a	n/a	n/a	n/a	n/a	65,436	0	0	0	0	65,436	0
430 Rate of Return	n/a	n/a	n/a	n/a	n/a	n/a	0.00%	3.03%	0.00%	0.00%	0.00%	0.00%	3.03%	0.00%

COS-2

Filing Date: 6/15/2014
Filing Entity: Iowa Network Access Division
Transmittal Number:
COSA: INIAAN14

Rate-of-Return TRP
7/14 - 6/15
Versus 2013 Actual

	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/14 - 6/15						
Revenue Requirement						
100 Depreciation/Amortization	0	2,788,820	0	0	2,788,820	3,344,782
105 Expense Less Dep & Amor	0	28,430,591	0	0	25,605,945	n/a
110 Taxes Less FIT	0	171,757	0	0	n/a	n/a
115 Return	0	(8,731,945)	0	n/a	n/a	n/a
120 FIT	0	(4,539,389)	0	n/a	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	n/a	n/a	n/a
130 Revenue Requirement	0	18,119,834	0	n/a	n/a	n/a
135 Access Service Revenue	0	18,119,834	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base						
140 Telephone Plant in Service	0	34,888,697	0	0	34,888,697	41,843,900
145 Rate Base Adjustments	0	804,282	0	0	804,282	n/a
150 Depreciation Reserves	0	32,504,724	0	0	32,504,724	38,984,673
155 Accum Deferred Income Tax	0	701,875	0	0	701,875	841,797
160 Average Rate Base	0	2,486,380	0	0	2,486,380	n/a
Actual, 1/13- 12/13						
Revenue Requirement						
200 Depreciation/Amortization	0	2,348,660	0	0	2,348,660	2,754,522
205 Expense Less Dep & Amor	0	18,157,629	0	0	18,157,629	n/a
210 Taxes Less FIT	0	320,674	0	0	n/a	n/a
215 Return	0	65,436	0	n/a	n/a	n/a
220 FIT	0	29,881	0	n/a	n/a	n/a
225 Uncol., IDC & Other Adj.	0	0	0	n/a	n/a	n/a
230 Revenue Requirement	0	20,922,280	0	n/a	n/a	n/a
235 Access Service Revenue	0	20,922,280	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base						
240 Telephone Plant in Service	0	31,721,598	0	0	31,721,598	37,203,278
245 Rate Base Adjustments	0	728,196	0	0	728,196	n/a
250 Depreciation Reserves	0	29,576,628	0	0	29,576,628	34,687,644
255 Accum Deferred Income Tax	0	710,705	0	0	710,705	833,519
260 Average Rate Base	0	2,162,461	0	0	2,162,461	n/a

PUBLIC VERSION

COS-2

Filing Date: 6/15/2014
 Filing Entity: Iowa Network Access Division
 Transmittal Number:
 COSA: INIAAN14

Rate-of-Return TRP
 7/14 - 6/15
 Versus 2013 Actual

	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/13 - 6/14						
Revenue Requirement						
100 Depreciation/Amortization	0	3,482,111	0	0	3,482,111	4,031,728
105 Expense Less Dep & Amor	0	22,140,308	0	0	22,140,308	n/a
110 Taxes Less FIT	0	234,335	0	0	n/a	n/a
115 Return	0	234,986	0	0	n/a	n/a
120 FIT	0	121,054	0	0	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	0	n/a	n/a
130 Revenue Requirement	0	26,212,794	0	0	n/a	n/a
135 Access Service Revenue	0	26,212,794	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base						
140 Telephone Plant in Service	0	35,032,232	0	0	35,032,232	40,561,723
145 Rate Base Adjustments	0	733,826	0	0	733,826	n/a
150 Depreciation Reserves	0	32,315,091	0	0	32,315,091	37,415,709
155 Accum Deferred Income Tax	0	1,117,838	0	0	1,117,838	1,294,277
160 Average Rate Base	0	2,333,129	0	0	2,333,129	n/a
Actual, 1/12 - 12/12						
Revenue Requirement						
200 Depreciation/Amortization	0	3,332,850	0	0	3,332,850	3,802,464
205 Expense Less Dep & Amor	0	18,682,217	0	0	18,682,217	n/a
210 Taxes Less FIT	0	783,349	0	0	783,349	n/a
215 Return	0	1,817,839	0	0	1,817,839	n/a
220 FIT	0	936,463	0	0	936,463	n/a
225 Uncol., IDC & Other Adj.	0	0	0	0	0	n/a
230 Revenue Requirement	0	25,552,718	0	0	25,552,718	n/a
235 Access Service Revenue	0	25,552,718	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base						
240 Telephone Plant in Service	0	31,682,141	0	0	31,682,141	36,146,304
245 Rate Base Adjustments	0	722,121	0	0	722,121	n/a
250 Depreciation Reserves	0	28,438,317	0	0	28,438,317	32,445,411
255 Accum Deferred Income Tax	0	1,150,631	0	0	1,150,631	1,312,760
260 Average Rate Base	0	2,815,314	0	0	2,815,314	n/a

56,972,587
 0.0351046

PUBLIC VERSION

COS-2

Filing Date: 6/15/2014
 Filing Entity: Iowa Network Access Division
 Transmittal Number:
 COSA: INIAAN14

Rate-of-Return TRP
 7/14 - 6/15
 Versus 2013 Actual

	Common Line (A)	Traffic Sensitive Switched (B)	Traffic Sensitive Special (C)	Other Interstate (D)	Total Interstate (E)	Total Co. Subject to Separations (F)
Forecast, 7/12 - 6/13						
Revenue Requirement						
100 Depreciation/Amortization	0	3,751,194	0	0	3,751,194	4,335,520
105 Expense Less Dep & Amor	0	16,493,055	0	0	16,493,055	n/a
110 Taxes Less FIT	0	254,596	0	0	n/a	n/a
115 Return	0	217,935	0	0	n/a	n/a
120 FIT	0	112,270	0	0	n/a	n/a
125 Uncol., IDC & Other Adj.	0	0	0	0	n/a	n/a
130 Revenue Requirement	0	20,829,050	0	0	n/a	n/a
135 Access Service Revenue	0	20,829,050	0	0	n/a	n/a
	----	----	----	----	----	----
Rate Base	----	----	----	----	----	----
140 Telephone Plant in Service	0	32,468,276	0	0	32,468,276	37,525,873
145 Rate Base Adjustments	0	851,742	0	0	851,742	n/a
150 Depreciation Reserves	0	29,139,514	0	0	29,139,514	33,678,589
155 Accum Deferred Income Tax	0	2,184,244	0	0	2,184,244	2,524,485
160 Average Rate Base	0	1,996,260	0	0	1,996,260	n/a
	----	----	----	----	----	----
	----	----	----	----	----	----
	----	----	----	----	----	----
Actual, 1/11 - 12/11						
Revenue Requirement	----	----	----	----	----	----
200 Depreciation/Amortization	0	3,628,632	0	0	3,628,632	4,184,653
205 Expense Less Dep & Amor	0	26,551,665	0	0	26,551,665	n/a
210 Taxes Less FIT	0	574,851	0	0	574,851	n/a
215 Return	0	438,716	0	0	438,716	n/a
220 FIT	0	226,005	0	0	226,005	n/a
225 Uncol., IDC & Other Adj.	0	0	0	0	0	n/a
230 Revenue Requirement	0	31,419,869	0	0	31,419,869	n/a
235 Access Service Revenue	0	31,419,869	0	n/a	n/a	n/a
	----	----	----	----	----	----
Rate Base	----	----	----	----	----	----
240 Telephone Plant in Service	0	33,850,936	0	0	33,850,936	39,037,952
245 Rate Base Adjustments	0	1,269,119	0	0	1,269,119	n/a
250 Depreciation Reserves	0	28,124,207	0	0	28,124,207	32,433,711
255 Accum Deferred Income Tax	0	2,493,698	0	0	2,493,698	2,875,809
260 Average Rate Base	0	4,502,150	0	0	4,502,150	n/a

PUBLIC VERSION

MAG-1

Filing Date: 6/15/2014

Filing Entity: Iowa Network Access Division

Transmittal Number :

COSA: INIAAN14

Access Element	Interstate Revenue Requirement Prior to Adjustments (A) Note 1	Frozen Line Port Transfer (B) Note 2	Universal Service Fund Contribution (C) Note 3	Interstate Revenue Requirement Subject to TIC Re-allocation (D) Cols. (A)+(B)+(C)	Frozen TIC Re- allocation (E) Note 4	Interstate Revenue Requirement Subject to Rate Making (F) Cols. (D)+(E)
Carrier Common Line	\$0		\$0	\$0		\$0
Special Access	<u>\$0</u>			<u>\$0</u>		\$0

Note 1: Source of Revenue Requirements in Column (A)

Carrier Common Line **TRP COS-1(P) Line 100, Column (L)**

Special Access **TRP COS-1(P) Line 100, Column U**

Note 2: Enter an amount equal to the amounts on the most recently filed Form MAG-1.

Note 3: Projected Amount per Account 6540

Note 4: Enter amounts equal to the amounts on the most recently filed Form MAG-1.

REV-1

Filing Date:6/15/2014

Filing Entity:Iowa Network Access Division

Transmittal Number:INIAAN14

COSA

Rate-of-Return TRP

Switched Access Revenue

Test Year 7/14-6/15

Common Line	Minute or Message Rate (A)	Minute Miles Rate (B)	Line or Trunk Rate (C)	Minute or Message Demand (D)	Minute Miles Demand (E)	Line or Trunk Demand (F)	Access Revenue (G)	Revenue Requirement (H)
100 Multi-line Business EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
110 Single Line Business EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
120 Residential EUCL	n/a	n/a	0.00	n/a	n/a	0	0	n/a
130 Special Access Surcharge	n/a	n/a	0.00	n/a	n/a	0	0	n/a
140 Terminating CCL Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
150 Terminating CCL Non-Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
160 Originating CCL Premium	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
170 Originating CCL Non-Prem.	0.000000	n/a	n/a	0	n/a	n/a	0	n/a
180 Common Line - - Total	n/a	n/a	n/a	n/a	n/a	n/a	0	0

REV-1

Filing Date:6/15/2014

Filing Entity:Iowa Network Access Division

Transmittal Number:INIAAN14

COSA

Rate-of-Return TRP

Switched Access Revenue

Test Year 7/14-6/15

Special - - Voice Grade	----		----		----		----		----		----	
490 2-Wire Chan. Term.		n/a		0		n/a		0		n/a		0
500 4-Wire Chan. Term.		n/a		0		n/a		0		n/a		0
510 Channel Mileage Term.		0		n/a		n/a		0		n/a		0
520 Channel Mileage Facility		n/a		n/a		0.00		n/a		0		0
530 Non-Recurring		n/a		0		n/a		0		n/a		0
Special - - High Capacity	----		----		----		----		----		----	
540 High Capacity Chan. Term.		n/a		0		n/a		0		n/a		0
550 Channel Mileage Term.		0		n/a		n/a		0		n/a		0
560 Channel Mileage Facility		n/a		n/a		0.00		n/a		0		0
570 Non-Recurring		n/a		0		n/a		0		n/a		0
580 Special Access - - Total		n/a		n/a		n/a		n/a		n/a		0

Notes: A composite special access NRC should be used if the installation rates vary among the services. If the company does not file a particular rate, then the rate and demand = 0. Col. (G) equals Cols. (A x D) + (B x E) + (C x F).

PUBLIC VERSION

REV-2
Filing Date: 6/15/2014
Filing Entity: Iowa Network Access Division
Transmittal Number: INIAAN14
COSA

Rate-of-Return TRP
Revenues Summary
Test Year 7/14 to 6/15

	Total Network Access (A)	Recurring without ICB (B)	Non-Recurring without ICB (C)	ICB (D)
100 Common Line	0	0	0	0
110 Special Access	0	0	0	0

Notes : Col. (A) = Cols. (B) +(C) + (D). If a particular category is inapplicable, then that category = 0.

RTE-1
Filing Date: 6/15/2014
Filing Entity: Iowa Network Access Division
Transmittal Number:
COSA INIAAN14

Rate-of-Return TRP
Percent Change in
Historical Rate Levels

	7/1/2013 Rate (A)	Current Effective Rate (B)	Proposed 7/1/2014 Rate (C)	% Change 7/1/2013 7/1/2014 (D)	% Change Current 7/1/2014 (E)
End User Common Line	----	----	----	----	----
150 Multi-line Business (\$/Month)	0	0.00	0.00	0.00%	0.00%
160 Residential & Single Line Bus.	0	0.00	0.00	0.00%	0.00%

PUBLIC VERSION

RTE-2

Filing Date:

6/15/2014

Filing Entity:

Iowa Network Access Division

Transmittal Number:

COSA

INIAAN14

Rate-of-Return

Revenue Price-outs

Using 2013 Demand

	Revenue at 7/1/2013 Rates (A)	Revenue at Current Rate (B)	Change in Revenue, Cols. B-A (C)	Revenue at 7/1/2014 Rates (D)	Change in Revenue, Cols.(B)-(D) (E)
Switched Access					
100 Multi-line Business	0	0	0	0	0
	----	----	----	----	----
110 Residential & Single Line Bus.	0	0	0	0	0
	----	----	----	----	----
120 Common Line	0	0	0	0	0
	----	----	----	----	----
130 Special Access	0	0	0	0	0
	----	----	----	----	----

Notes: If company belongs to the NECA common line pool, then revenue = 0.

RTE-3

Filing Date:6/15/2014

Filing Entity:Iowa Network Access Division

Transmittal Number:

COSA

INIAAN14

Rate-of-Return TRP

COSA's for which Rates

are Averaged or Pooled

Notes: Companies should list all COSA's for which rates are averages or pooled.

DMD-2
Filing Date: 6/15/2014
Filing Entity: Iowa Network Access Division
Transmittal Number:
COSA INIAAN14

Rate-of-Return TRP
Special Access
Demand

	1/13-12/13 Channel Terminations (A)	1/13-12/13 Number of Circuits (B)	1/13-12/13 Interoffice Miles (C)	7/14 - 6/15 Channel Terminations (D)	7/14 - 6/15 Number of Circuits (E)	7/14 - 6/15 Interoffice Miles (F)
100 Metallic	0	0	0	0	0	0
110 Telegraph	0	0	0	0	0	0
120 VG less WATS	0	0	0	0	0	0
130 WATS	0	0	0	0	0	0
140 full-time Audio	0	0	0	0	0	0
150 High Capacity	0	0	0	0	0	0

PUBLIC VERSION

DMD-3

Filing Date: 6/15/2014

Filing Entity: Iowa Network Access Division

Transmittal Number:

COSA INIAAN14

Rate-of-Return TRP

Common Line

Revenue and Demand

	1/13-12/13 Historical Revenue (A)	1/13-12/13 Historical MOU or Lines (B)	7/14 - 6/15 Test Year Revenue (C)	7/14 - 6/15 Test Year MOU or Lines (D)
100 End User Common Line, Total	0	0	0	0
110 Residential	0	0	0	0
120 Single Line Business	0	0	0	0
130 Multi-line Business	0	0	0	0
140 Special Access Surcharge	0	0	0	0
150 Carrier Common Line	0	0	0	0
160 Total Common Line Revenue	0	n/a	0	n/a

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ERN-1

Filing Date: 6/15/2014

Filing Entity: Iowa Network Access Division

Transmittal Number:

#REF! INIAAN14

Page 1 of 1

Rate-of-Return TRP
Rate-of-Return
Summary

	2011/2012 FCC Monitoring Period (A)	2013 Calendar Year (B)	7/14 - 6/15 Test Year (C)
100 Interstate Access, Total	0.00%	0.00%	0.00%
110 Carrier Common Line	0.00%	0.00%	0.00%
120 Special Access	0.00%	0.00%	0.00%
130 Local Switching	0.00%	0.00%	0.00%
140 Information	0.00%	0.00%	0.00%
150 Local Transport	30.84%	3.03%	-202.18%
160 Traffic Sensitive Switched, Total	30.84%	3.03%	-202.18%

Exhibit 22

**INS 2016 Tariff Filing
(filed June 16, 2016)**

PUBLIC VERSION



1300 NORTH 17th STREET, 11th FLOOR
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JAMES U. TROUP
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June 16, 2016

SUBMITTED ELECTRONICALLY

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554
Attention: Wireline Competition Bureau

**Re: Iowa Network Services, Inc. d/b/a Aureon Network Services
FRN: 0002-5807-10
Tariff F.C.C. No. 1
July 1, 2016 Annual Access Charge Tariff Filing**

Dear Ms. Dortch:

The accompanying 2016 Annual Access Charge Tariff Filing of Iowa Network Services, Inc. d/b/a Aureon Network Services ("INS"), effective July 1, 2016, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. INS is a dominant carrier, and therefore, it is subject to Section 61.38 of the Commission's rules. As set forth in Subpart E of Part 61, entitled "General Rules for Dominant Carriers," Section 61.38 applies to all dominant carriers, including those such as INS, that are neither incumbent local exchange carriers ("ILECs") nor competitive local exchange carriers ("CLECs"). Accordingly, INS submits its 2016 Annual Access Charge Tariff Filing pursuant to the procedures established by the Commission for dominant carriers.

In 1988, the FCC granted Section 214 authority to INS to provide rural areas with centralized equal access ("CEA") and advanced telecommunications services, and classified INS as a dominant carrier. *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations*, 3 FCC Rcd 1468, 1469 ¶ 10 (1988). It is important to note that although INS is a dominant carrier, INS is not an ILEC. INS is not a Rate-of-Return Carrier (as defined by Section 51.903(g) of the Commission's rules), and INS is not an ILEC (as defined by 47 U.S.C. § 251(h)) as INS has never been a member of NECA and does not provide telephone exchange service. Because INS is not a Rate-of-Return carrier or an ILEC, it is not subject to the pricing parity and rate caps rules for such carriers adopted in the FCC's *Connect America Order*. See *Connect America Fund*, 26 FCC Rcd 17663 ¶¶ 800-01 (2011) ("Connect America Order").

 **Fletcher, Heald & Hildreth**

Marlene H. Dortch

June 16, 2016

Page 2

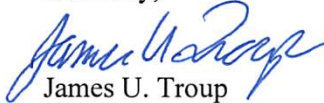
Furthermore, INS is not a CLEC because INS is a dominant carrier. CLEC rates are regulated under Section 61.26 of the Commission's rules, which is contained in Subpart C of Part 61, entitled "General Rules for Nondominant Carriers." CLECs are subject to rate regulations for non-dominant carriers, which permit a CLEC's rates to be set by benchmarks that avoid the burden of preparing cost and traffic usage studies. *Connect America Fund*, 26 FCC Rcd 17663, 17888 ¶ 694 (2011). The FCC has never regulated INS' CEA service rates under the Commission's CLEC rate benchmarking rules, which require competitive carriers to ensure that their switched access services rates are no higher than the competing ILEC. Because INS, as a dominant carrier, is not permitted to use CLEC rate benchmarking, and it is not an ILEC that is subject to the pricing parity and rate caps rules adopted in the *Connect America Order*, INS is calculating its CEA tariff rates on the basis of cost studies and call volume data in compliance with Section 61.38 of the Commission's rules. This practice is consistent with tariff filings that INS has made in the past utilizing procedures for the submission of cost support materials for dominant carriers, and INS' annual tariff filings under the dominant carrier rules have been accepted by the FCC for nearly 30 years.

In light of the foregoing, this 2016 Annual Access Tariff Filing is submitted consistent with the procedures set forth in *July 1, 2016 Annual Access Charge Tariff Filings*, Order, 31 FCC Rcd. 2002, WC Docket No. 16-71, DA 16-274 (Pricing Pol. Div. rel. Mar. 16, 2016) (the "*Procedures Order*") and includes cost support consistent with *Material to be Filed in Support of 2016 Annual Access Tariff Filings*, Order, WC Docket No. 16-71, DA 16-399 (Pricing Pol. Div. rel. Apr. 13, 2016). Pursuant to the attached study for the test period ending June 30, 2017, INS proposes to maintain its existing switched transport rate of \$0.00896 per access minute.

Pursuant to the *Procedures Order*, INS is submitting its 2016 Annual Tariff Review Plan and associated documents electronically, using the Commission's Electronic Tariff Filing System ("ETFS"). Since INS is not proposing any new or revised rates or regulations at this time, no tariff pages are included with this filing. A filing fee is not required to be submitted with this submission, as set forth in Section 61.15(i) of the Commission's rules, 47 C.F.R. § 61.15(i).

All inquiries in connection with this publication should be addressed to INS' counsel, James U. Troup, Fletcher, Heald & Hildreth, 1300 North 17th Street, 11th Floor, Arlington, VA 22209, Telephone: (703) 812-0511; Facsimile: (703) 812-0486.

Sincerely,


James U. Troup

Counsel for Iowa Network Services, Inc. d/b/a
Aureon Network Services

Attachments

TARIFF REVIEW PLAN

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2016 ROR ILEC 2016-17 Summary TRP	Not Applicable
2016 Rate Ceiling CAF Final	Not Applicable
2016 Rate Ceiling No CAF Final	Not Applicable
2016 Tariff Rate Comp CAF Final	Not Applicable
2016 Tariff Rate Comp No CAF Final	Not Applicable
2016 True Up Final BRI-RES	Not Applicable
2016 True Up Final BRI-SLB	Not Applicable
Certification	

***IOWA NETWORK SERVICES, INC.
dba AUREON NETWORK SERVICES***

IOWA NETWORK ACCESS DIVISION

DESCRIPTION AND JUSTIFICATION

COST SUPPORT MATERIAL

TARIFF REVIEW PLAN

JULY 1, 2016 ANNUAL ACCESS CHARGE TARIFF FILING

JUNE 16, 2016

IOWA NETWORK ACCESS DIVISION

INTERSTATE ACCESS TARIFF FILING

**PROSPECTIVE PERIOD
JULY 1, 2016 - JUNE 30, 2017**

INDEX

Section	Description
	Transmittal Letter
1	Introduction, Overview and Rate Development
2	Development of Switched Transport Charge and Study Period Projected Access Minutes
3	Projected Revenue Requirement Summary - Total Interstate (Part 69)
4	Projected Part 36 Revenue Requirement Summary
5	Projected Part 64 Revenue Requirement Summary
6	Tariff Review Plan (TRP)

IOWA NETWORK ACCESS DIVISION

INTRODUCTION, OVERVIEW AND RATE DEVELOPMENT

INTRODUCTION

This filing supports Iowa Network Access Division Tariff F.C.C. No. 1, which is subject to Section 61.38 of the Commission's rules. Set forth in Subpart E of Part 61, entitled "General Rules for Dominant Carriers," Section 61.38 applies to all dominant carriers even those, like Iowa Network Access Division ("INAD"), which are neither incumbent local exchange carriers ("ILECs") nor competitive local exchange carriers ("CLECs").

When granting Section 214 authority to INAD, the Commission classified INAD as a dominant carrier providing centralized equal access ("CEA") service. Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations, 3 FCC Rcd 1468, 1469 ¶ 10 (1988). However, INAD is neither an ILEC nor a CLEC. INAD is not a Rate-of-Return Carrier (as defined by Section 51.903(g) of the Commission's rules), and INAD is not an ILEC (as defined by 47 U.S.C. § 251(h)), because INAD has never been a member of NECA and does not provide telephone exchange service. Furthermore, INAD is not a CLEC because INAD is a dominant carrier. CLEC rates are regulated under Section 61.26 of the Commission's rules, which is contained in Subpart C of Part 61, entitled "General Rules for Nondominant Carriers." Rather than CLEC rate benchmarking, INAD has always calculated its CEA tariff rates on the basis of cost studies and call volume data, as INAD is doing today, in compliance with Section 61.38 of the Commission's rules.

Although INAD is not an ILEC or CLEC, INAD has strived to file its cost support today in a format that is familiar to the Commission in order to facilitate the Commission's review. Accordingly, INAD is providing data as consistent as possible with the Commission's Order, In the Matter of July 1, 2016 Annual Access Charge Tariff Filings, DA 16-274, WC Docket No. 16-71 (released March 16, 2016). That Order established procedures for the 2016 filing of annual access charge tariffs and Tariff Review Plans (TRPs) for ILECs subject to price cap regulation, as well as rate of return ILECs subject to Section 61.39, and dominant carriers (like INAD) subject to Section 61.38 of the Commission's rules. The requirements for summary cost support material to support the annual access charge filings to be submitted on or before June 16, 2016 are presented in the Commission's Order, In the Matter of Material to be Filed in Support of 2016 Annual Access Tariff Filings, DA 16-399, WC Docket No. 16-71 (released April 13, 2016).

This 2016 Annual Access Charge Tariff Filing covers the scheduled effective period from July 1, 2016 through June 30, 2017. This documentation volume contains the introduction,

overview, rate development narrative, access rate development and corresponding cost support material to be filed with the FCC on June 16, 2016.

OVERVIEW

Schedule A of Section 2 presents a summary of the proposed rate to be effective July 1, 2016. INAD proposes to maintain its existing switched transport rate of \$0.00896 per minute of use effective July 1, 2016. The Company's proposed switched transport rate of \$0.00896 per access minute is projected to generate switched transport revenues of \$22,475,651. When combined with nonrecurring revenues of \$20,731, total test period revenues are projected in the amount of \$22,496,381 resulting in a return of -171.69% on interstate investments for the projected twelve-month period ending June 30, 2017.

For the year 2015, INAD's regulated revenue from interstate CEA services amounted to \$20,115,957 which resulted in a return of -343.36% on its interstate investment. For the 2014/2015 monitoring period, INAD experienced a return of -219.08%. During this period, the FCC authorized a maximum rate of return for interstate access operations of 11.50% with a target of 11.25%.

Interstate CEA minutes-of-use ("MOUs") declined at a rate of 16.90% during 2015 to 2,242,892,301 from 2,699,087,868 in 2014. During the year 2014, INAD interstate traffic declined at the rate of 3.15% from the year 2013. For the year 2015, INAD experienced reductions in MOUs for interexchange carrier ("IXC") traffic connecting with ILECs and CLECs, including LECs providing service to call aggregators,¹ when compared with historical MOUs reflected during 2014. For the test period ending June 30, 2015, INAD projected interstate CEA minutes of 2,019,322,322, reflecting a decrease of 25.19% from actual CEA minutes for the year 2014. For the test period ending June 30, 2016, INAD projected interstate CEA minutes of 2,399,948,978, reflecting an increase of 7.00% from actual CEA minutes for the year 2015. For the test period ending June 30, 2017, INAD is projecting interstate CEA minutes of 2,508,443,160, representing an increase of 4.52% over projected CEA minutes of 2,399,948,978 for the projected period ending June 30, 2016. The change in interstate traffic for the projected test period results from slight fluctuations in interstate CEA minutes by IXCs routing traffic over the CEA network between the IXCs' facilities and the networks of independent local exchange carriers. IXC traffic exchanged with LECs that do not provide service to call aggregators is projected to decrease approximately 2.90% during this time frame, while IXC traffic delivered to LECs providing service to call aggregators is projected to increase 6.53%.

Beginning in the year 2007, INAD began to experience uncollectible revenues from IXCs as a result of billing disputes over the classification and quantification of interstate CEA minutes related to call aggregator traffic terminated by the IXCs to LEC locations in Iowa. The disputed traffic is being terminated by multiple IXCs to LEC locations in Iowa using the CEA network of

¹ The term call aggregator refers to businesses that generate high-volume traffic, such as conference call companies, chat line providers, and fax broadcasters.

PUBLIC VERSION

INAD. During each of the years 2010 through 2015, INAD recorded a provision for uncollectibles relating to the interstate billing for this traffic in the total amount of \$52,869,683. INAD continues to bill the IXC's for all traffic terminated over its network and includes this disputed traffic in its MOU and revenue projections for the twelve month period ending June 30, 2017. The interstate provision for uncollectibles related to this traffic is estimated to be \$16,525,230 for the projected period ending June 30, 2017 and is reflected in INAD's cost of operations and rate development calculations.

INAD's proposed tariff rate of \$0.00896 is targeted to generate a return of negative 171.69% on investment for the projected test period ended June 30, 2017.

Because the Commission has not adopted procedures specifically for the preparation of cost support material filed by CEA service providers, INAD has tailored the procedures for other dominant carriers to reflect the unique characteristics of a CEA network. Therefore, despite the fact that INAD is not an ILEC, INAD has developed its cost support consistent with the following procedures in order to help the Commission follow the methodology that was used to calculate the tariff rate for CEA service:

- A) Financial reporting is in accordance with the Uniform Systems of Accounts and Financial Reporting Requirements of Class A and Class B Telephone Companies, CC Docket 78-196 (Part 32 Order) and all subsequent revisions to the rules adopted through the period ending June 15, 2016.
- B) Jurisdictional allocation is in accordance with Federal Communications Commission's Rules adopted in CC Docket Nos. 78-72, 80-286, 86-297 and FCC Docket 87-134 released August 18, 1987 (Part 36 Order) and all subsequent revisions to the rules adopted through the period ending June 15, 2016.
- C) CEA rate development is performed in accordance with CC Docket No. 87-113 released August 18, 1987 (Part 69 Conformance Notice) and subsequent modifications including CC Docket No. 00-256, Second Report and Order and Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001), ("Rate-of-Return Access Charge Reform Order").

The proposed CEA tariff maintains the method of charging for interstate CEA by major rate element. INAD proposes a CEA switched transport rate of \$0.00896 and anticipates this rate will remain in effect through June 30, 2017.

RATE DEVELOPMENT

Development of cost support as contained in the tariff filing was accomplished as follows:

- 1) Projection of test period investment, revenue and expense was determined based on the best estimates of management using fixed, known and measurable amounts

PUBLIC VERSION

from INAD's 2016 and 2017 operating budgets. Anticipated changes in investments and reserves were reflected in conjunction with INAD's ongoing plant modernization and upgrade programs. Revenues were adjusted to reflect the projected increase in CEA minutes during the test period from the year 2015.

- 2) Projection of the test period INAD revenue requirement was accomplished using FCC Part 64 cost allocation procedures applied to total company projected investment and expense amounts determined in (1) above. INAD's revenue requirement summary data is contained in Section 5 of the cost support material.
- 3) Projection of the test period interstate CEA revenue requirement was accomplished using Parts 36/69 separation procedures applied to projected total INAD investment and expense amounts determined in (2) above. INAD's interstate CEA revenue requirement was determined using a return on investment of 11.00% which reflects the rate of return currently authorized by the FCC for interstate ratemaking purposes. The summary Part 36 and Part 69 revenue requirements are contained in Sections 3 and 4 of the cost support material.
- 4) Projected interstate CEA minutes for the period ending June 30, 2017 reflect an increase of 11.84% from the historical period ending December 31, 2015. Interstate CEA minutes for the period ending June 30, 2017 are projected to be 2,508,443,160 compared to 2,399,948,978 for the projected period ending June 30, 2016 and 2,242,892,301 for the actual period ended December 31, 2015. Projected CEA minutes for the test period ending June 30, 2017 are presented in Section 2, Schedule B following. The increase in projected test period interstate CEA minutes from actual interstate CEA minutes for the year 2015 results primarily from anticipated increases in IXC traffic exchanged with independent LECs, including LECs with call aggregator end user customers, carried over the CEA network.
- 5) INAD's interstate CEA revenue requirement determined in (3) above for the projected period ending June 30, 2017 amounts to \$33,428,539 and is presented in Section 3 of the cost support material. The interstate revenue requirement was reduced by the amount of projected interstate revenues from nonrecurring charges of \$20,731 to arrive at the amount of \$33,407,808 representing the target revenue requirement to be recovered from the recurring CEA switched transport rate.
- 6) The allowable projected switched transport charge supported by the projected costs of INAD is determined by dividing the remaining interstate revenue requirement of \$33,407,808 determined in (5) above by projected CEA minutes of 2,508,443,160 determined in (4) above resulting in a cost of \$0.01332 per CEA minute. An analysis of the development of the allowable interstate switched transport rate is presented on Schedule A in Section 2. However, rather than increase its switched transport rate based on its cost support, INAD proposes to maintain its existing interstate switched transport rate of \$0.00896 effective for CEA billings on July 1, 2016. INAD projects it will forgo revenues of

PUBLIC VERSION

\$10,936,812 by maintaining its existing switched transport rate of \$0.00896 in lieu of its supported rate of \$0.01332 for the projected test period ending June 30, 2017.

SUMMARY

The 2016 annual CEA tariff filing is supplemented by the enclosed cost support material. Schedule A reflects INAD's existing switched transport charge of \$0.00896 compared with its supported rate of \$0.01332. Through this filing, INAD proposes to maintain its existing switched transport charge of \$0.00896 and forgo the supported rate of \$0.01332 based on the cost support for the projected test period ending June 30, 2017. The existing rate of \$0.00896 will remain in effect for CEA billings on July 1, 2016. The proposed switched transport charge will produce revenues that will generate a rate of return on investment of negative 171.69% for the projected test period ended June 30, 2017.

Included in the cost support material are schedules depicting projected investment and expense data, demand quantities, jurisdictional cost allocations and rate calculations for the projected twelve-month period ending June 30, 2017. Cost and revenue data for the historical period from January 1 through December 31, 2015 is contained in the Company's Tariff Review Plan ("TRP") which has been filed under separate cover.

Even though INAD is neither an ILEC nor a CLEC, INAD is making this filing as a dominant CEA carrier in a format familiar to the Commission that is consistent with the Commission's orders In the Matter of July 1, 2016 Annual Access Tariff Filings, DA 16-274, and In the Matter of Material to be Filed in Support of 2016 Annual Access Tariff Filings, DA 16-399, establishing the TRP schedules. With this filing, INAD proposes to maintain its existing switched transport rate of \$0.00896 effective July 1, 2016 through June 30, 2017.

PUBLIC VERSION

CERTIFICATION

I certify that I am the Vice-President of Finance of Iowa Network Services, Inc., have overall responsibility for the preparation of the 2016 Annual Access Charge Tariff Filing, and am authorized to execute this certification. Based upon information provided to me by employees or outside accountants responsible for the preparation of, or for supervision of the preparation of, the data submitted in support of the rates contained in the proposed tariff, I hereby certify that the data have been examined and reviewed and are true, correct and complete.

June 16, 2016

Date



Jeffrey P. Schill
IOWA NETWORK SERVICES, INC. dba
AUREON NETWORK SERVICES

IOWA NETWORK SERVICES, INC.
IOWA NETWORK ACCESS DIVISION
INTERSTATE ACCESS RATE DEVELOPMENT
TRANSMITTAL NO.
PROJECTED TEST PERIOD ENDED

06/30/17

SECTION 2
SCHEDULE A

	<u>SOURCE</u>	<u>CURRENT RATE</u>	<u>COST SUPPORT</u>	<u>DIFFERENCE</u>
1 SWITCHED TRANSPORT RATE	(BELOW)	\$0.00896	\$0.01332	\$0.00436
2 STUDY PERIOD ACCESS MINUTES	SCHEDULE B	<u>2,508,443,160</u>	<u>2,508,443,160</u>	
3 STUDY PERIOD ACCESS REVENUE	LN 1*LN 2	<u>\$22,475,651</u>	<u>\$33,412,463</u>	<u>\$10,936,812</u>

ACCESS RATE DEVELOPMENT

	<u>SOURCE</u>	<u>AMOUNT</u>
4 PROJECTED REVENUE REQUIREMENT	SECTION 4	\$33,428,538
5 LESS: MISCELLANEOUS REVENUE	RECORDS	<u>20,731</u>
7 ACCESS REVENUE REQUIREMENT	LN 4-LN 5	<u>\$33,407,807</u>
8 PROJECTED ACCESS MINUTES	SCHEDULE B	<u>2,508,443,160</u>
9 PROJECTED ACCESS RATE PER MOU	LN 4/LN 5	<u>\$0.01332</u>

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
 IOWA NETWORK ACCESS DIVISION
 INTERSTATE ACCESS BILLING SUMMARY
 TRANSMITTAL NO.
 PROJECTED TEST PERIOD ENDED

06/30/17

SECTION 2
 SCHEDULE B

PRO FORMA ALL CARRIERS	DAYS	TOTAL INTERSTATE	
		MINUTES	REVENUES
12/29/2016-1/28/2017	31	198,343,099	\$1,777,154
1/29/2017-2/28/2017	31	200,848,466	\$1,799,602
3/1/2017-3/30/2017	30	201,117,919	\$1,802,017
3/31/2017-4/30/2017	31	210,614,815	\$1,887,109
5/1/2017-5/30/2017	30	205,937,911	\$1,845,204
5/31/2017-6/30/2017	31	214,522,187	\$1,922,119
7/1/2017-7/31/2017	31	216,011,744	\$1,935,465
8/1/2017-8/28/2017	28	196,266,793	\$1,758,550
8/29/2017-9/28/2017	31	218,327,292	\$1,956,213
9/29/2017-10/28/2017	30	212,269,665	\$1,901,936
10/29/2017-11/28/2017	31	220,237,427	\$1,973,327
11/29/2017-12/28/2017	30	213,945,841	\$1,916,955
TOTAL	365	2,508,443,160	\$22,475,651
3rd QUARTER		600,309,485	\$5,378,773
4th QUARTER		631,074,913	\$5,654,431
1st QUARTER		630,605,829	\$5,650,228
2nd QUARTER		646,452,933	\$5,792,218
TOTAL COMPANY		2,508,443,160	\$22,475,651

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2017

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/10/2016

INDEX TO DETAIL PART 69 ALLOCATION FORMS

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PUBLIC VERSION

IOWA NETWORK ACCESS I
PROJECTED JUNE 30, 2017

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/10/2016

A-1, 1 of 1

SUMMARY OF REVENUE REQUIREMENT BY ACCESS ELEMENT

A-1, 1 of 1

				COMMON LINE			TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		NET INVESTMENT FOR SETTLEMENTS	3,864,827	(NOTE A)	0	0	2,558,771	0	1,306,056	0	0	0	0	0	0	0	0	0
2		RATE OF RETURN	11.0000%		11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%	11.0000%
3		RETURN ON INVESTMENT	425,131	LN 1*LN 2	0	0	281,465	0	143,666	0	0	0	0	0	0	0	0	0
4		ALLOW FOR FUNDS USED DURING CONSTR	0	A-8,LN 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5		NET RETURN FOR SETTLEMENTS	425,131	LN 3-LN 4	0	0	281,465	0	143,666	0	0	0	0	0	0	0	0	0
6		FEDERAL OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7		FEDERAL OPERATING INCOME TAX - OPTION	171,792	LN 30	0	0	113,738	0	58,054	0	0	0	0	0	0	0	0	0
8		FEDERAL ITC AMORTIZATION	0	A-12,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9		STATE OPERATING INCOME TAX - ACTUAL	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10		STATE OPERATING INCOME TAX - OPTION	57,187	LN 36	0	0	37,862	0	19,326	0	0	0	0	0	0	0	0	0
11		STATE ITC AMORTIZATION	0	A-12,LN 23	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12		PROVISION FOR DEFERRED INCOME TAX	0	RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13		OPERATING EXPENSE & OTHER TAXES	16,206,107	A-8,LN 18	0	0	1,520,669	0	776,185	13,909,253	0	0	0	0	0	0	0	0
14		NONOPERATING EXP	43,091	A-8,LN 23	0	0	28,529	0	14,562	0	0	0	0	0	0	0	0	0
15		UNCOLLECTIBLES	16,525,230	A-8,LN 28	0	0	10,940,796	0	5,584,434	0	0	0	0	0	0	0	0	0
16		BASIS FOR GROSS RECEIPTS TAX	33,428,538		0	0	12,923,059	0	6,596,227	13,909,253	0	0	0	0	0	0	0	0
17		GROSS RECEIPTS TAX RATE	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
18		GROSS RECEIPTS TAX	0	LN16*LN17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19		TOTAL REVENUE REQUIREMENT	33,428,538	LN16+LN18	0	0	12,923,059	0	6,596,227	13,909,253	0	0	0	0	0	0	0	0

NOTE A: INCLUDES A-2, LN 31 LESS A/C 2004, TPUC - LONG TERM

OPTIONAL GROSS UP INCOME TAX CALCULATION																	
20		RETURN ON INVESTMENT	425,131	LN 3	0	0	281,465	0	143,666	0	0	0	0	0	0	0	0
21		INTEREST AND RELATED ITEMS	91,652	A-12,LN 16	0	0	60,680	0	30,972	0	0	0	0	0	0	0	0
22		OTHER INCOME ADJUSTMENTS	0	A-12,LN 20	0	0	0	0	0	0	0	0	0	0	0	0	0
23		TOTAL INCOME ADJUSTMENTS	91,652	LN21+LN22	0	0	60,680	0	30,972	0	0	0	0	0	0	0	0
24		RETURN LESS INCOME ADJ	333,479	LN20-LN23	0	0	220,785	0	112,694	0	0	0	0	0	0	0	0
25		FEDERAL ITC AMORTIZATION	0	A-12,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0
26		FIT BASE	333,479		0	0	220,785	0	112,694	0	0	0	0	0	0	0	0
27		FEDERAL TAXABLE INCOME	505,271		0	0	334,523	0	170,748	0	0	0	0	0	0	0	0
28	34.00%	FEDERAL INCOME TAX	171,792	LN 27*FTR	0	0	113,738	0	58,054	0	0	0	0	0	0	0	0
29		FEDERAL SURTAX ALLOCATION	0	/LN 26	0	0	0	0	0	0	0	0	0	0	0	0	0
30		NET FEDERAL TAX BEFORE ITC AMORT	171,792	LN28-LN29	0	0	113,738	0	58,054	0	0	0	0	0	0	0	0
31		STATE ITC AMORTIZATION	0	A-12, LN23	0	0	0	0	0	0	0	0	0	0	0	0	0
32		SIT BASE	505,271		0	0	334,523	0	170,748	0	0	0	0	0	0	0	0
33		STATE TAXABLE INCOME	574,171		0	0	380,139	0	194,032	0	0	0	0	0	0	0	0
34	12.00%	STATE INCOME TAX	57,187	LN 33*STR	0	0	37,862	0	19,326	0	0	0	0	0	0	0	0
35		STATE SURTAX ALLOCATION	0	/LN 32	0	0	0	0	0	0	0	0	0	0	0	0	0
36		NET STATE INCOME TAX BEFORE ITC AMORT	57,187	LN34-LN35	0	0	37,862	0	19,326	0	0	0	0	0	0	0	0
37		FEDERAL TAX AT MAXIMUM RATE	171,792		0	0	113,738	0	58,054	0	0	0	0	0	0	0	0
38		INCOME ADJUSTMENT FOR FIT	0		0	0	0	0	0	0	0	0	0	0	0	0	0

A-2,1of1

SUMMARY OF TELEPHONE PLANT AND RESERVES

A-2,1of1

					COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
NET INVESTMENT SUMMARY																		
1		GENERAL SUPPORT FACILITIES	6,699,384	A-3,LN 6C	0	0	4,435,435	0	2,263,948	0	0	0	0	0	0		0	0
2		CENTRAL OFFICE SWITCHING	25,053,431	A-4,LN 21+25			16,587,029		8,466,402		0						0	
3		OPERATOR SYSTEMS	0	A-4,LN 17			0	0	0		0						0	
4		CENTRAL OFFICE TRANSMISSION	0	A-4,LN 41	0	0			0		0	0	0	0			0	0
5		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0							0					
6		CABLE AND WIRE FACILITIES	0	A-5,LN 21	0	0				0	0	0	0		0		0	0
7		TANGIBLE ASSETS	1,109,826	A-3,LN 14	0	0	734,778	0	375,048	0	0	0	0	0	0		0	0
8		INTANGIBLE ASSETS	0	A-3,LN 15	0	0	0	0	0	0	0	0	0	0	0		0	0
9		TOTAL PLANT IN SERVICE	32,862,640		0	0	21,757,242	0	11,105,398	0	0	0	0	0	0		0	0
10		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
11		PROPERTY HELD FOR FUTURE USE	0	A-6,LN 6	0	0	0	0	0	0	0	0	0	0	0		0	0
12		PLANT UNDER CONSTRUCT. - SHORT TERM	8,695	A-6,LN 13	0	0	5,756	0	2,938	0	0	0	0	0	0		0	0
13		PLANT UNDER CONSTRUCT. - LONG TERM	0	A-6,LN 20	0	0	0	0	0	0	0	0	0	0	0		0	0
14		TELEPHONE PLANT ADJUSTMENT	0	A-6,LN 27	0	0	0	0	0	0	0	0	0	0	0		0	0
15		TOTAL PROPERTY,PLANT & EQUIP.	32,871,335		0	0	21,762,999	0	11,108,336	0	0	0	0	0	0		0	0
16		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
17		ACCUM DEPRECIATION - PLANT IN SERVICE	29,270,649	A-7,LN 7	0	0	19,379,107	0	9,891,543	0	0	0	0	0	0		0	0
18		ACCUM DEPRECIATION - FUTURE USE	0	A-7,LN 8	0	0	0	0	0	0	0	0	0	0	0		0	0
19		ACCUM AMORTIZATION - TANGIBLE PROPERTY	1,087,274	A-7,LN 15	0	0	719,847	0	367,427	0	0	0	0	0	0		0	0
20		ACCUM AMORTIZATION - INTANGIBLE PROP.	0	A-7,LN 16	0	0	0	0	0	0	0	0	0	0	0		0	0
21		ACCUM AMORTIZATION - TEL PLANT ADJ.	0	A-7,LN 17	0	0	0	0	0	0	0	0	0	0	0		0	0
22		OPERATING DEFERRED INCOME TAX	-771,230	A-7,LN 26	0	0	-510,605	0	-260,625	0	0	0	0	0	0		0	0
23		OTHER DEFERRED CREDITS - NET	0	A-7,LN 34	0	0	0	0	0	0	0	0	0	0	0		0	0
24		NET TELEPHONE PLANT	3,284,641		0	0	2,174,650	0	1,109,991	0	0	0	0	0	0		0	0
25		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
26		MATERIALS AND SUPPLIES	0	A-3,LN 16	0	0	0	0	0	0	0	0	0	0	0		0	0
27		RTB STOCK	0	A-3,LN 17	0	0	0	0	0	0	0	0	0	0	0		0	0
28		EQUAL ACCESS EQUIPMENT	0	A-3,LN 8			0											
29		OTHER JURISDICTIONAL ASSETS	0	A-3,LN 18	0	0	0	0	0	0	0	0	0	0	0		0	0
30		CASH WORKING CAPITAL	580,186	A-3,LN 10	0	0	384,122	0	196,065	0	0	0	0	0	0		0	0
31		NET TELEPHONE PLANT,M&S AND CASH WORKING CAPITAL	3,864,827		0	0	2,558,771	0	1,306,056	0	0	0	0	0	0		0	0
32		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2017

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/10/2016

A-3, 1 of 1

GENERAL SUPPORT FACILITIES AND MISCELLANEOUS PLANT ALLOCATION

A-3, 1 of 1

[illegible]

LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS				B&C	IX CATEGORY		
					LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		MSG	P.L.	
									TERM	FACILITY		ALLOCATED	TERM	TERM				FACILITY
ALLOCATION FACTORS																		
1		STANDARD WORK SECONDS																
2		- MANUAL BOARDS	100.0000%	AL-1,LN 9			0.0000%	0.0000%								100.0000%		
3		- TSPS COMPLEX	100.0000%	AL-1,LN 10			0.0000%	0.0000%								100.0000%		
4		EQUIVALENT ACCESS LINES - MSG COE	0.0000%	AL-1,LN 2	0.0000%	0.0000%						0.0000%						
5		IX CIRCUIT TERMINATIONS - MSG COE	100.0000%	AL-1,LN 6					100.0000%		0.0000%							
CENTRAL OFFICE EQUIPMENT																		
6	2220	OPERATOR SYSTEMS																
7		MANUAL SWITCHBOARDS	0	LN 2			0	0								0		
8		AUXILIARY SWITCHBOARDS																
9		- DIRECTORY ASSISTANCE	0	DIRECT				0										
10		- INTERCEPT	0	DIRECT			0											
11		- OTHER	0	DIRECT												0		
12		SERVICE OBSERVING BOARDS	0	LN 27			0	0	0		0					0		
13		TSPS																
14		- OPERATOR	0	LN 3			0	0								0		
15		- RTA	0	LN 27			0	0	0		0					0		
16		- OTHER	0	LN 27			0	0	0		0					0		
17		TOTAL OPERATOR SYSTEMS	0				0	0	0		0					0		
18	2210	TANDEM SWITCHING EQUIPMENT																
19		ACCESS	8,466,402	DIRECT					8,466,402									
20		NON ACCESS	0	DIRECT												0		
21		TOTAL TANDEM SWITCH	8,466,402						8,466,402							0		
22	2210	LOCAL SWITCHING EQUIPMENT																
23		ACCESS	16,587,029	DIRECT			16,587,029											
24		DEDICATED	0	DIRECT							0							
25		TOTAL LOCAL SWITCH	16,587,029				16,587,029				0							
26		TOTAL CAT1 EXCL SVC OBS, CAT 2 AND 3	25,053,431				16,587,029	0	8,466,402		0					0		
27		% DISTRIBUTION	100.0000%	LN 26			66.2066%	0.0000%	33.7934%		0.0000%					0.0000%		

			TOTAL		COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS				B&C	IX CATEGORY		
LN	A/C	DESCRIPTION	COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		MSG	P.L.	
									TERM	FACILITY		ALLOCATED	TERM	TERM				FACILITY
28	2230	CENTRAL OFFICE TRANSMISSION																
29		EXCHANGE WIDEBAND	0	DIRECT						0					0			
30		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0			
31		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0			
32		SUBSCRIBER LINE	0	LN 4/DIRECT	0	0						0	0	0				
33		INTEREXCHANGE CIRCUIT																
34		FURNINSHED OTHERS	0	DIRECT							0				0			
35		ACCESS - BASIC	0	LN 5/DIRECT						0	0				0			
36		ACCESS - SPECIAL	0	DIRECT							0				0			
37		NON ACCESS	0	DIRECT												0	0	
38		TOTAL IX CIRCUIT	0							0	0				0	0	0	
39		HOST/REMOTE CIRCUIT	0	DIRECT						0					0			
40		EQUIPMENT RENTED OTHERS	0	DIRECT												0	0	
41		TOTAL CENTRAL OFFICE TRANSMISSION	0		0	0				0	0	0	0	0	0	0	0	
42		TOTAL CENTRAL OFFICE EQUIPMENT	25,053,431		0	0	16,587,029	0	8,466,402		0	0	0	0		0	0	
43		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%		0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%	
COE RATIOS																		
44		OPERATOR SYSTEMS	0.0000%	LN 17			0.0000%	0.0000%	0.0000%		0.0000%					0.0000%		
45		TANDEM SWITCHING	100.0000%	LN 21					100.0000%							0.0000%		
46		LOCAL SWITCHING	100.0000%	LN 25			100.0000%				0.0000%							
47		CENTRAL OFFICE SWITCHING	100.0000%	LN 21+25			66.2066%		33.7934%		0.0000%					0.0000%		
48		CENTRAL OFFICE TRANSMISSION	100.0000%	LN 37	0.0000%	0.0000%			100.0000%		0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%	

			TOTAL	SOURCE	COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS					IX CATEGORY			
LN	A/C	DESCRIPTION	COMPANY		LIMITED	COMMON	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED	NEL TERMINATION		CHANNEL MILEAGE		B&C	MSG		P.L.
					PAY	LINE			TERM	FACILITY	TRANSPORT	ALLOCATED	TERM	TERM	FACILITY				
ALLOCATION FACTORS																			
1		EQUIVALENT ACCESS LINES - MSG CWF	0.0000%	AL-1,LN 4	0.0000%	0.0000%						0.0000%							
2		IX CIRCUIT MILES - MSG CWF	100.0000%	AL-1,LN 8						100.0000%	0.0000%								
3	2310	INFORMATION ORIG/TERM																	
4		OTHER IOT EQUIPMENT																	
5		COIN PUBLIC TELEPHONE	0	DIRECT		0													
6		COINLESS PUBLIC TELEPHONE	0	DIRECT	0														
7		OTHER	0	DIRECT		0								0					
8		SUBTOTAL	0		0	0								0					
9		NEW CUSTOMER PREMISE EQUIP	0	DIRECT		0								0					
10		TOTAL ORIG/TERM EQUIP	0		0	0								0					
11		% DISTRIBUTION	0.0000%		0.0000%	0.0000%								0.0000%					
12	2410	CABLE AND WIRE FACILITIES																	
13		SUBSCRIBER LINE	0	LN 1/DIRECT	0	0						0	0						
14		EXCHANGE WIDEBAND	0	DIRECT						0					0				
15a		EXCHANGE TRUNK - BASIC	0	DIRECT						0					0				
15b		EXCHANGE TRUNK - SPECIAL	0	DIRECT							0				0				
16		INTEREXCHANGE WIDEBAND	0	DIRECT						0					0				
17a		IX TRUNK - ACCESS	0	LN 2/DIRECT						0	0				0				
17b		IX TRUNK - SPECIAL	0	DIRECT							0				0				
18		IX TRUNK - NON ACCESS	0	DIRECT													0		0
19		HOST/REMOTE	0	DIRECT						0					0				
20		EQUIPMENT FURNISHED OTHERS	0	DIRECT													0		0
21		TOTAL CABLE AND WIRE FACILITIES	0		0	0			0	0		0	0		0		0		0
22		% DISTRIBUTION	100.0000%		0.0000%	0.0000%			100.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%		0.0000%		0.0000%
23		TOTAL CWF EXCLUDING CAT 1.3	0		0	0			0	0		0	0		0		0		0
24		% DISTRIBUTION	100.0000%		0.0000%	0.0000%			100.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%		0.0000%		0.0000%

					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS					IX CATEGORY	
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		OTHER TELECOMMUNICATIONS PLANT																
1	2002	PROPERTY HELD FOR FUTURE USE																
2		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
3		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0		0	0
4		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0		0	0
5		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
6		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0		0	0
7		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
8	2003	PLANT UNDER CONSTR. - SHORT TERM																
9		GENERAL SUPPORT	1,700	A-3,LN 7	0	0	1,125	0	574	0	0	0	0	0	0		0	0
10		CENTRAL OFFICE EQUIPMENT	6,995	A-4,LN 43	0	0	4,631	0	2,364	0	0	0	0	0	0		0	0
11		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0		0	0
12		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
13		TOTAL	8,695		0	0	5,756	0	2,938	0	0	0	0	0	0		0	0
14		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
15	2004	PLANT UNDER CONSTR. - LONG TERM																
16		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
17		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0		0	0
18		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0		0	0
19		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
20		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0		0	0
21		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
22	2005	TELECOMMUNICATIONS PLANT ADJUST.																
23		GENERAL SUPPORT	0	A-3,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
24		CENTRAL OFFICE EQUIPMENT	0	A-4,LN 43	0	0	0	0	0	0	0	0	0	0	0		0	0
25		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0	0	0		0	0
26		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
27		TOTAL	0		0	0	0	0	0	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION
PROJECTED JUNE 30, 2017

COST SUPPORT MATERIAL
PART 69 COST ALLOCATION - TOTAL INTERSTATE

SECTION 3
6/10/2016

A-7, 1 of 1

ACCUMULATED DEPRECIATION, AMORTIZATION AND DEFERRED INCOME TAXES:

A-7, 1 of 1

LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1	3100	ACCUM DEPRECIATION - PLANT IN SERVICE																
2		GENERAL SUPPORT	5,091,019	A-3,LN 10	0	0	3,370,591	0	1,720,427	0	0	0	0	0	0		0	0
3		CENTRAL OFFICE SWITCHING EQUIPMENT	24,179,631	A-3,LN 10	0	0	16,008,516	0	8,171,115	0	0	0	0	0	0		0	0
4		OPERATOR SYSTEMS EQUIPMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
5		CENTRAL OFFICE TRANSMISSION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
6		UNDISTRIBUTED COE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
7		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
8		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
9		TOTAL ACCUM DEPR - TPIS	29,270,649		0	0	19,379,107	0	9,891,543	0	0	0	0	0	0		0	0
10	3200	ACCUM DEPRECIATION - FUTURE USE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
11		TOTAL ACCUM DEPRECIATION	29,270,649		0	0	19,379,107	0	9,891,543	0	0	0	0	0	0		0	0
12		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
ACCUMULATED AMORTIZATION																		
13	3400	TANGIBLE ASSETS																
14		CAPITAL LEASES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
15		LEASEHOLD IMPROVEMENTS	1,087,274	A-3,LN 10	0	0	719,847	0	367,427	0	0	0	0	0	0		0	0
16		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
17		TOTAL ACCUM AMORT - TANGIBLE	1,087,274		0	0	719,847	0	367,427	0	0	0	0	0	0		0	0
18	3500	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
19	3600	TELEPHONE PLANT ADJUSTMENT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
20		TOTAL ACCUM AMORTIZATION	1,087,274		0	0	719,847	0	367,427	0	0	0	0	0	0		0	0
21		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
22	4100&	NET OPERATING DEFERRED INC TAX																
23	4340	GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
25		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
27		UNDISTRIBUTED	-771,230	A-3,LN 10	0	0	-510,605	0	-260,625	0	0	0	0	0	0		0	0
28		TOTAL NET DEFERRED INC TAX	-771,230		0	0	-510,605	0	-260,625	0	0	0	0	0	0		0	0
29		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
30	4360	OTHER DEFERRED CREDITS - NET																
31		GENERAL SUPPORT	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
32		CENTRAL OFFICE EQUIP	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
33		INFORMATION ORIG/TERM	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
34		CABLE AND WIRE FACILITIES	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
35		UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
36		TOTAL OTHER DEFERRED CREDITS	0		0	0	0	0	0	0	0	0	0	0	0		0	0
37		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

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IOWA NETWORK ACCESS DIVISION
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SUMMARY OF OPERATING EXPENSE AND TAX AND MISCELLANEOUS TAX ITEMS

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				COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS							
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
		OPERATING EXPENSE AND TAX																
1	6110	NETWORK SUPPORT EXPENSE	0	A-9,LN 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	6120	GENERAL SUPPORT EXPENSE	65,013	A-9,LN 7	0	0	43,043	0	21,970	0	0	0	0	0	0	0	0	0
3	6210	CENTRAL OFFICE EXPENSE	306,276	A-9,LN 15	0	0	202,775	0	103,501	0	0	0	0	0	0	0	0	0
4	6310	INFORMATION ORIG/TERM EXP	0	A-9,LN 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	6410	CABLE AND WIRE FACILITIES EXP	11,604,439	A-9,LN 24	0	0	0	0	0	11,604,439	0	0	0	0	0	0	0	0
6	6510	OTHER PLANT EXPENSE	3,870	A-10,LN 6	0	0	2,562	0	1,308	0	0	0	0	0	0	0	0	0
7	6530	NETWORK OPERATIONS EXPENSE	211,350	A-10,LN 7	0	0	139,928	0	71,422	0	0	0	0	0	0	0	0	0
8	6540	ACCESS CHARGE EXPENSE	0	A-10,LN 8												0	0	0
9	6610	MARKETING EXPENSE	0	A-11,LN 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	6620	SERVICES EXPENSE	77,684	A-11,LN29	0	0	51,432	0	26,252	0	0	0	0	0	0	0	0	0
11	6710	EXECUTIVE AND PLANNING EXP	418,469	A-12,LN 8	0	0	14,999	0	7,656	395,815	0	0	0	0	0	0	0	0
12	6720	GENERAL AND ADMINISTRATIVE EXP	2,018,263	A-12,LN 9	0	0	72,340	0	36,924	1,908,999	0	0	0	0	0	0	0	0
13		SUBTOTAL OPERATING EXPENSE	14,705,363		0	0	527,078	0	269,033	13,909,253	0	0	0	0	0	0	0	0
14		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	3.5843%	0.0000%	1.8295%	94.5863%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
15	6560	DEPRECIATION AND AMORTIZATION	1,230,626	A-10,LN 19+27	0	0	814,756	0	415,870	0	0	0	0	0	0	0	0	0
16	7200	OTHER OPERATING TAX	270,117	A-12,LN 24	0	0	178,835	0	91,282	0	0	0	0	0	0	0	0	0
17		EQUAL ACCESS EXPENSE	0	A-12,LN 12			0											
18		TOTAL OPERATING EXP & TAX	16,206,107		0	0	1,520,669	0	776,185	13,909,253	0	0	0	0	0	0	0	0
19		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	9.3833%	0.0000%	4.7895%	85.8272%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
20	7370	NON OPERATING EXPENSE																
21		ABANDONED CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22		CONTRIBUTIONS	43,091	A-3,LN 10	0	0	28,529	0	14,562	0	0	0	0	0	0	0	0	0
23		TOTAL NON OPERATING EXP	43,091		0	0	28,529	0	14,562	0	0	0	0	0	0	0	0	0
24		UNCOLLECTIBLES																
25	5310	END USER MSG TOLL	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	5320	END USER COMMON LINE	0	DIRECT		0												
27	5330	IX CARRIER	16,525,230	A-3,LN 22			10,940,796	0	5,584,434	0	0	0	0	0	0	0	0	0
28		TOTAL UNCOLLECTIBLES	16,525,230		0	0	10,940,796	0	5,584,434	0	0	0	0	0	0	0	0	0
29	7340	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0

LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS				B&C	IX CATEGORY		
					LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		MSG	P.L.	
									TERM	FACILITY		ALLOCATED	TERM	TERM				FACILITY
1		BASIS FOR NETWORK SUPPORT EXPENSE																
2		GEN SUPPORT, COE, IOT AND C&WF	31,752,814	VARIOUS	0	0	21,022,464	0	10,730,350	0	0	0	0	0	0	0	0	
3		EQUAL ACCESS EQUIPMENT	0	A-3,LN 8			0											
3		TOTAL	31,752,814		0	0	21,022,464	0	10,730,350	0	0	0	0	0	0	0	0	
4		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
5		PLANT SPECIFIC EXPENSES																
6	6110	GENERAL SUPPORT EXPENSE																
7	6120	NETWORK SUPPORT	0	LN 4	0	0	0	0	0	0	0	0	0	0	0	0	0	
8		GENERAL SUPPORT	65,013	A-3,LN 7	0	0	43,043	0	21,970	0	0	0	0	0	0	0	0	
8		TOTAL GENERAL SUPPORT EXP	65,013		0	0	43,043	0	21,970	0	0	0	0	0	0	0	0	
9		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
10		CENTRAL OFFICE EXPENSE																
11	6210	CENTRAL OFFICE SWITCHING EXPENSE	299,173	A-4,LN 43	0	0	198,072	0	101,101		0	0	0	0		0	0	
12	6220	OPERATOR SYSTEMS EXPENSE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0		0	0	
13	6230	CENTRAL OFFICE TRANSMISSION EXPENSE	7,103	A-4,LN 43	0	0	4,703	0	2,400		0	0	0	0		0	0	
14		UNDISTRIBUTED	0	A-4,LN 43	0	0	0	0	0		0	0	0	0		0	0	
15		TOTAL CENTRAL OFFICE EXPENSE	306,276		0	0	202,775	0	103,501		0	0	0	0		0	0	
16		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%		0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%	
17	6310	INFORMATION ORIG/TERM EXPENSE																
18		COIN PAY TELEPHONE	0	DIRECT		0												
19		COINLESS PAY TELEPHONE	0	DIRECT	0													
20		OTHER	0	DIRECT		0							0					
21		CPE	0	DIRECT		0												
22		TOTAL INFORMATION ORIG/TERM EXP	0		0	0							0					
23		% DISTRIBUTION	0.0000%		0.0000%	0.0000%							0.0000%					
24	6410	CABLE AND WIRE FACILITIES EXPENSE	11,604,439	A-5,LN 22	0	0			11,604,439		0	0	0	0	0	0	0	
25		TOTAL PLANT SPECIFIC EXPENSE	11,975,728		0	0	245,818	0	125,471	11,604,439	0	0	0	0	0	0	0	
26		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	2.0526%	0.0000%	1.0477%	96.8997%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	

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PLANT NON SPECIFIC EXPENSE ALLOCATION

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					COMMON LINE		TRAFFIC SENSITIVE					SPECIAL ACCESS						
LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		B&C	IX CATEGORY	
									TERM	FACILITY		ALLOCATED	TERM	TERM	FACILITY		MSG	P.L.
1		CENTRAL OFFICE EQUIPMENT	25,053,431	A-4,LN 38	0	0	16,587,029	0	8,466,402		0	0	0	0			0	0
2		INFORMATION ORIG/TERM	0	A-5,LN 10	0	0							0					
3		CABLE AND WIRE FACILITIES	0	A-5,LN 21	0	0				0	0	0	0		0		0	0
4		TOTAL	25,053,431		0	0	16,587,029	0	8,466,402	0	0	0	0	0	0		0	0
5		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
PLANT NONSPECIFIC EXPENSE																		
6	6510	OTHER PROP PLANT & EQUIP EXPENSE	3,870	LN 5	0	0	2,562	0	1,308	0	0	0	0	0	0		0	0
7	6530	NETWORK OPERATIONS EXPENSE	211,350	LN 5	0	0	139,928	0	71,422	0	0	0	0	0	0		0	0
8	6540	ACCESS CHARGE EXPENSE	0	DIRECT													0	0
9	6560	DEPRECIATION EXPENSE																
10		GENERAL SUPPORT	510,250	A-3,LN 7	0	0	337,820	0	172,431	0	0	0	0	0	0		0	0
11		CENTRAL OFFICE SWITCHING EQUIPMENT	720,376	A-4,LN 47			476,936		243,439		0						0	
12		OPERATOR SYSTEMS EQUIPMENT	0	A-4,LN 44			0	0	0		0						0	
13		CENTRAL OFFICE TRANSMISSION	0	A-4,LN 48	0	0			0		0	0	0	0			0	0
14		UNDISTRIBUTED COE	0	A-4,LN 43	0	0	0	0	0		0	0	0	0			0	0
15		INFORMATION ORIG/TERM	0	A-5,LN 11	0	0							0		0		0	0
16		CABLE AND WIRE FACILITIES	0	A-5,LN 22	0	0				0	0	0	0		0		0	0
17		TOTAL DEP EXP - PLANT IN SERVICE	1,230,626		0	0	814,756	0	415,870	0	0	0	0	0	0		0	0
18		PROPERTY HELD FOR FUTURE USE	0	A-6,LN 7	0	0	0	0	0	0	0	0	0	0	0		0	0
19		TOTAL DEPRECIATION EXPENSE	1,230,626		0	0	814,756	0	415,870	0	0	0	0	0	0		0	0
20		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
AMORTIZATION EXPENSE																		
21	6563	CAPITAL LEASE	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
22	6563	LEASEHOLD IMPROVEMNTS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
23	6563	UNDISTRIBUTED	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
24		SUBTOTAL	0		0	0	0	0	0	0	0	0	0	0	0		0	0
25	6564	INTANGIBLE ASSETS	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0	0		0	0
26	6565	OTHER - TEL PLANT ADJUSTMENT	0	A-6,LN 28	0	0	0	0	0	0	0	0	0	0	0		0	0
27		TOTAL AMORTIZATION EXPENSE	0		0	0	0	0	0	0	0	0	0	0	0		0	0
28		% DISTRIBUTION	0.0000%		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%
29		TOTAL PLANT NON SPECIFIC EXPENSE	1,445,846		0	0	957,245	0	488,600	0	0	0	0	0	0		0	0
30		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%		0.0000%	0.0000%

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LN	A/C	DESCRIPTION	TOTAL COMPANY	SOURCE	COMMON LINE		TRAFFIC SENSITIVE				SPECIAL ACCESS				B&C	IX CATEGORY		
					LIMITED PAY	COMMON LINE	SWITCHING	INFO	COMMON TRANSPORT		DEDICATED TRANSPORT	NEL TERMINATION		CHANNEL MILEAGE		MSG	P.L.	
									TERM	FACILITY		ALLOCATED	TERM	TERM				FACILITY
1	6610	CUSTOMER OPERATIONS EXPENSES																
2		MARKETING	0	A-3,LN 10	0	0	0	0	0	0	0	0	0	0		0	0	
3	6621	TELEPHONE OPERATOR SERVICES																
4		- CALL COMPLETION INCL DA	0	SWS-OPERATORS			0	0								0		
5		- OPERATOR SERVICES UNDER CONTRACT	0	DIRECT			0	0								0		
6	6622	PUBLISHED DIRECTORY LISTINGS	0	DIRECT				0										
7	6623	ALL OTHER																
8	1.0	LOCAL BUSINESS OFFICE																
9		- END USER SVC ORDER PROCESSING																
10		- PRESUBSCRIPTION	0	A-3,LN 20	0	0	0	0	0	0								
11		- OTHER	0	AL-1,LN 12								0			0	0		
12		- END USER PAYMENT & COLLECTION	0	AL-1,LN 13		0						0			0	0		
13		- END USER BILLING INQUIRY	0	AL-1,LN 14		0						0			0	0		
14		- IX CARRIER SVC ORDER PROCESSING	0	AL-1,LN 15	0	0	0	0	0	0	0	0			0	0		
15		- IX CARRIER PAYMENT & COLLECTION	77,681	AL-1,LN 16	0	0	51,430	0	26,251	0	0	0			0	0		
16		- IX CARRIER BILLING INQUIRY	0	AL-1,LN 17	0	0	0	0	0	0	0	0			0	0		
17		- COIN COLLECT AND ADMINISTRATION	0	AL-1,LN 18	0	0												
18		SUBTOTAL LOCAL BUSINESS OFFICE	77,681		0	0	51,430	0	26,251	0	0	0	0		0	0		
19	2.0	CUSTOMER SERVICES (REV ACCTG)																
20		- MESSAGE PROCESSING																
21		- TOLL TICKET PROCESSING	0	DIRECT											0			
22		- LOCAL MESSAGE PROCESSING	0	DIRECT											0			
23		- OTHER BILLING & COLLECTION	0	DIRECT											0			
24		- END USER COMMON LINE	0	DIRECT		0												
25		- CARRIER ACCESS BILLING (CABS)	2	A-3,LN 22		1	0	1	0	0	0	0	0	0	0	0	0	
26		SUBTOTAL CUSTOMER SERVICES	2		0	0	1	0	1	0	0	0	0	0	0	0	0	
27		TOTAL CAT 1 AND CAT 2	77,683		0	0	51,431	0	26,252	0	0	0	0	0	0	0	0	
28		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
29	3.0	ALL OTHER CUSTOMER SERVICE	1	/LN 34	0	0	0	0	0	0	0	0	0	0	0	0	0	
30		TOTAL SERVICES EXPENSE	77,684		0	0	51,432	0	26,252	0	0	0	0	0	0	0	0	
31		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
32		TOTAL CUSTOMER OPERATIONS EXPENSE	77,684		0	0	51,432	0	26,252	0	0	0	0	0	0	0	0	
33		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
34		CUSTOMER OPERATIONS EXCL MARKETING	77,683		0	0	51,431	0	26,252	0	0	0	0	0	0	0	0	
35		% DISTRIBUTION	100.0000%		0.0000%	0.0000%	66.2066%	0.0000%	33.7934%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	

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FILING PERIOD: 7/1/16 - 6/30/17

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ACCESS DIVISION

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REVENUE REQUIREMENT SUMMARY

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LN	ALLOCATION RATIOS	A/C	COMMENT	TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
						INTRALATA	INTERLATA	
	REVENUE REQUIREMENT SUMMARY							
1	NET INVESTMENT FOR SETTLEMENTS			4,346,064	NOTE A	0	3,864,827	481,237
2	RATE OF RETURN					11.0000%	11.0000%	9.5000%
3	RETURN ON INVESTMENT			470,849	LN1*LN 2	0	425,131	45,718
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8,LN 29	0	0	0
5	NET RETURN FOR SETTLEMENTS			470,849	LN3-LN4	0	425,131	45,718
6	TOTAL ITC AMORTIZATION			0	S-12,LN 28+29	0	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0	S-12,LN 30	0	0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		189,348	LN28-LN11	0	171,792	17,556
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0	S-12,LN 31	0	0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		63,032	LN 33	0	57,187	5,844
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12,LN 33	0	0	0
13	OPERATING EXPENSE AND TAX			18,023,505	S-8,LN 18	0	16,206,107	1,817,398
14	NONOPERATING EXPENSE			47,855	S-8,LN 23	0	43,091	4,764
15	UNCOLLECTIBLES			16,816,800	S-8,LN 28	0	16,525,230	291,570
16	BASIS FOR GROSS RECEIPTS TAX			35,611,388		0	33,428,538	2,182,850
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0	0
19	TOTAL REVENUE REQUIREMENT			35,611,388		0	33,428,538	2,182,850

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402 OTHER THAN RTB STOCK.

***** **

OPTIONAL GROSS UP INCOME TAX CALCULATION

20	RETURN ON INVESTMENT			470,849	LN 3	0	425,131	45,718
21	INTEREST AND RELATED ITEMS			103,291	S-12, LN 19	0	91,652	11,638
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 24+25	0	0	0
23	TOTAL INCOME ADJUSTMENTS			103,291	LN 21+22	0	91,652	11,638
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 28	0	0	0
25	FEDERAL TAXABLE INCOME			556,906		0	505,271	51,635
26	FEDERAL INCOME TAX @	34.00%		189,348	LN 25*FIT	0	171,792	17,556
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 34	0	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			189,348	LN26-LN27	0	171,792	17,556
29	STATE ITC AMORTIZATION			0	S-12, LN 29	0	0	0
30	STATE TAXABLE INCOME			525,263		0	476,562	48,701
31	STATE INCOME TAX @	12.00%		63,032	LN 30*SIT	0	57,187	5,844
32	STATE SURTAX EXEMPTION			0	S-2, LN 34	0	0	0
33	NET STATE INCOME TAX BEFORE ITC			63,032		0	57,187	5,844

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IOWA NETWORK SERVICES, INC.
FILING PERIOD: 7/1/16 - 6/30/17

PART 36 TOTAL INTERSTATE
ACCESS DIVISION

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SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

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LN	ALLOCATION RATIOS		TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
					INTRALATA	INTERLATA	
	NET INVESTMENT SUMMARY						
1	GENERAL SUPPORT FACILITIES	2110	7,550,098	S-3, LN 10	0	6,699,384	850,714
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210	28,234,815	S-4, LN 52	0	25,053,431	3,181,385
3	OPERATOR SYSTEMS EQUIPMENT	2220	0	S-4, LN 41	0	0	0
4	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230	0	S-4, LN 78	0	0	0
5	INFORMATION ORIG/TERM EQUIPMENT	2310	0	S-5, LN 17	0	0	0
6	CABLE AND WIRE FACILITIES	2410	0	S-5, LN 42	0	0	0
7	TANGIBLE ASSETS	2680	1,250,756	S-3, LN 29	0	1,109,826	140,930
8	INTANGIBLE ASSETS	2690	0	S-3, LN 36	0	0	0
9	TOTAL PLANT IN SERVICE A/C 2001		37,035,669		0	32,862,640	4,173,029
10	% DISTRIBUTION		100.0000%		0.0000%	88.7324%	11.2676%
11	PROPERTY HELD FOR FUTURE USE	2002	0	S-6, LN 9	0	0	0
12	PLANT UNDER CONSTR - SHORT TERM	2003	9,799	S-6, LN 15	0	8,695	1,104
13	PLANT UNDER CONSTR - LONG TERM	2004	0	S-6, LN 21	0	0	0
14	TELEPHONE PLANT ADJUSTMENT	2005	0	S-6, LN 27	0	0	0
15	NONOPERATING PLANT	2006	0	DIRECT			0
16	GOODWILL	2007	0	DIRECT			0
17	TOTAL PROPERTY, PLANT & EQUIPMENT		37,045,468		0	32,871,335	4,174,133
18	% DISTRIBUTION		100.0000%		0.0000%	88.7324%	11.2676%
19	ACCUM DEPRECIATION - PLANT IN SERVICE	3100	32,987,553	S-7, LN 18	0	29,270,649	3,716,904
20	ACCUM DEPRECIATION - FUTURE USE	3200	0	S-7, LN 19	0	0	0
21	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400	1,225,340	S-7, LN 23	0	1,087,274	138,066
22	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500	0	S-7, LN 24	0	0	0
23	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600	0	S-7, LN 25	0	0	0
24	OPERATING DEFERRED INCOME TAX - NET	VAR	-869,163	S-7, LN 32	0	-771,230	-97,934
25	OTHER DEFERRED CREDITS - NET	4360	0	S-7, LN 38	0	0	0
26	NET TELEPHONE PLANT		3,701,738		0	3,284,641	417,097
27	% DISTRIBUTION		100.0000%		0.0000%	88.7324%	11.2676%
28	MATERIALS AND SUPPLIES	1220	0	S-6, LN 31	0	0	0
29	INVESTMENT IN NONAFFILIATED CO'S	1402	0	S-6, LN 35	0	0	0
30	EQUAL ACCESS EQUIPMENT	1439	0	S-6, LN 36	0	0	0
31	OTHER JURISDICTIONAL ASSETS	1500	0	S-6, LN 37	0	0	0
32	CASH WORKING CAPITAL	XXXX	644,327	S-3, LN 3	0	580,186	64,140
33	NET TEL PLANT, M&S AND CASH WORKING CAPITAL		4,346,064		0	3,864,827	481,237
34	% DISTRIBUTION		100.0000%		0.0000%	88.9271%	11.0729%

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IOWA NETWORK SERVICES, INC.
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PART 36 TOTAL INTERSTATE
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SUMMARY OF OPERATING EXPENSE AND TAX

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LN	ALLOCATION RATIOS		TOTAL COMPANY	ALLOCATION BASIS	INTERSTATE MSG TOLL		OTHER
					INTRALATA	INTERLATA	
	OPERATING EXPENSE AND TAX SUMMARY						
1	NETWORK SUPPORT EXPENSE	6110	0	S-9, LN 7	0	0	0
2	GENERAL SUPPORT EXPENSE	6120	73,269	S-9, LN 8	0	65,013	8,256
3	CENTRAL OFFICE EXPENSE	6210	345,168	S-9, LN 15	0	306,276	38,892
4	INFORMATION ORIG/TERM EXPENSE	6310	0	S-9, LN 21	0	0	0
5	CABLE AND WIRE FACILITIES EXPENSE	6410	12,840,050	S-9, LN 25	0	11,604,439	1,235,611
6	OTHER PLANT EXPENSE	6510	4,361	S-10, LN 11	0	3,870	491
7	NETWORK OPERATIONS EXPENSE	6530	238,188	S-10, LN 13	0	211,350	26,838
8	ACCESS CHARGE EXPENSE	6540	0	S-10, LN 14	0	0	0
9	MARKETING EXPENSE	6610	32,276	S-11, LN 13	0	0	32,276
10	SERVICES EXPENSE	6620	92,764	S-11, LN 44	0	77,684	15,080
11	EXECUTIVE AND PLANNING EXPENSE	6710	464,732	S-12, LN 8+9	0	418,469	46,262
12	GENERAL AND ADMINISTRATIVE EXPENSE	6720	2,241,384	S-12, LN 11+12	0	2,018,263	223,121
13	SUBTOTAL OPERATING EXPENSES		16,332,191		0	14,705,363	1,626,828
14	% DISTRIBUTION		100.0000%		0.0000%	90.0391%	9.9609%
15	DEPRECIATION AND AMORTIZATION	6560	1,386,896	S-10, LN 22+29	0	1,230,626	156,270
16	OTHER OPERATING TAX	7240	304,418	S-12, LN 32	0	270,117	34,301
17	EQUAL ACCESS EXPENSE		0	S-12, LN 15	0	0	0
18	TOTAL OPERATING EXPENSE AND TAX		18,023,505		0	16,206,107	1,817,398
19	% DISTRIBUTION		100.0000%		0.0000%	89.9165%	10.0835%
	NON OPERATING EXPENSE		7370				
20	ABANDONED CONSTRUCTION		0	S-2, LN 10	0	0	0
21	CONTRIBUTIONS		47,855	S-12, LN 14	0	43,091	4,764
22	OTHER NON OPERATING EXPENSE		0	DIRECT			0
23	TOTAL NON OPERATING EXPENSE		47,855		0	43,091	4,764
24	% DISTRIBUTION		100.0000%		0.0000%	90.0454%	9.9546%
	UNCOLLECTIBLES						
25	END USER MSG TOLLS	5310	0	DIRECT	0	0	0
26	END USER COMMON LINE	5320	0	DIRECT	0	0	0
27	IX CARRIER	5330	16,816,800	S-11, LN 5	0	16,525,230	291,570
28	TOTAL UNCOLLECTIBLES		16,816,800		0	16,525,230	291,570
29	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340	0	S-12, LN 3	0	0	0

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IOWA NETWORK SERVICES, INC.
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COST SUPPORT MATERIAL
PART 64 SEPARATIONS

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REVENUE REQUIREMENT SUMMARY

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LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	REVENUE REQUIREMENT SUMMARY						
1	NET INVESTMENT FOR SETTLEMENTS			73,736,360	NOTE A	4,346,064	69,390,296
2	RATE OF RETURN					10.8339%	9.5000%
3	RETURN ON INVESTMENT			7,062,927	LN1*LN 2	470,849	6,592,078
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8, LN 30	0	0
5	NET RETURN FOR SETTLEMENTS			7,062,927	LN 3-LN 4	470,849	6,592,078
6	TOTAL ITC AMORTIZATION			0	S-12, LN 32	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0		0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		2,883,226	LN28-LN11	189,348	2,693,878
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0		0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		959,790	LN 32	63,032	896,759
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12, LN 36	0	0
13	OPERATING EXPENSE AND TAX			75,322,079	S-8, LN 20	18,023,505	57,298,574
14	NONOPERATING EXPENSE			513,132	S-8, LN 25	47,855	465,277
15	UNCOLLECTIBLES			16,816,800	S-8, LN 29	16,816,800	0
16	BASIS FOR GROSS RECEIPTS TAX			103,557,954		35,611,388	67,946,566
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0
19	TOTAL REVENUE REQUIREMENT			103,557,954		35,611,388	67,946,566

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402.

	OPTIONAL GROSS UP INCOME TAX CALCULATION						
20	RETURN ON INVESTMENT			7,062,927	LN 3	470,849	6,592,078
21	INTEREST AND RELATED ITEMS			1,466,076	S-12, LN 22	103,291	1,362,785
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 27+28	0	0
23	TOTAL INCOME ADJUSTMENTS			1,466,076	LN 21+22	103,291	1,362,785
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 32	0	0
25	FEDERAL TAXABLE INCOME			8,480,077		556,906	7,923,171
26	FEDERAL INCOME TAX @	34.00%		2,883,226	LN 25*FIT	189,348	2,693,878
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 32	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			2,883,226	LN26-LN27	189,348	2,693,878
29	STATE TAXABLE INCOME			7,998,254		525,263	7,472,991
30	STATE INCOME TAX @	12.00%		959,790	LN 29*SIT	63,032	896,759
31	STATE SURTAX EXEMPTION			0	S-2, LN 32	0	0
32	NET STATE INCOME TAX BEFORE ITC			959,790	LN30-LN31	63,032	896,759

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SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

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LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	NET INVESTMENT SUMMARY						
1	GENERAL SUPPORT FACILITIES	2110		22,161,159	S-3, LN 27	7,550,098	14,611,061
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		39,349,851	S-4, LN 17	28,234,815	11,115,036
3	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		60,653,072	S-4, LN 31	0	60,653,072
4	CABLE AND WIRE FACILITIES	2410		74,886,654	S-5, LN 16	0	74,886,654
5	TANGIBLE ASSETS	2680		3,671,236	S-3, LN 54	1,250,756	2,420,481
6	INTANGIBLE ASSETS	2690		0	S-3, LN 61	0	0
7	TOTAL PLANT IN SERVICE A/C 2001			200,721,973		37,035,669	163,686,304
8	% DISTRIBUTION			100.0000%		18.4512%	81.5488%
9	PROPERTY HELD FOR FUTURE USE	2002		0	S-6, LN 9	0	0
10	PLANT UNDER CONSTR - SHORT TERM	2003		52,535	S-6, LN 15	9,799	42,736
11	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6, LN 21	0	0
12	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6, LN 27	0	0
13	NONOPERATING PLANT	2006		2,173,393	DIRECT		2,173,393
14	GOODWILL	2007		0	DIRECT		0
15	TOTAL PROPERTY, PLANT & EQUIPMENT			202,947,900		37,045,468	165,902,432
16	% DISTRIBUTION			100.0000%		18.2537%	81.7463%
17	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		131,467,475	S-7, LN 30	32,987,553	98,479,922
18	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7, LN 31	0	0
19	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		3,596,636	S-7, LN 36	1,225,340	2,371,296
20	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7, LN 37	0	0
21	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7, LN 38	0	0
22	OPERATING DEFERRED INCOME TAX - NET	VAR		-4,786,075	S-7, LN 44	-869,163	-3,916,912
23	OTHER DEFERRED CREDITS - NET	4360		0	S-7, LN 49	0	0
24	NET TELEPHONE PLANT			72,669,863		3,701,738	68,968,126
25	% DISTRIBUTION			100.0000%		5.0939%	94.9061%
26	MATERIALS AND SUPPLIES	1220		405,656	S-6, LN 32	0	405,656
27	PREPAID EXPENSES	1300		0	S-6, LN 37	0	0
28	INVESTMENT IN NONAFFILIATED CO'S	1402		210,923,907	S-6, LN 38	0	210,923,907
29	OTHER JURISDICTIONAL ASSETS	1500		0	S-6, LN 39	0	0
30	CASH WORKING CAPITAL	XXXX		2,834,234	COMPUTED	644,327	2,189,907
31	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			286,833,660		4,346,064	282,487,596
32	% DISTRIBUTION			100.0000%		1.5152%	98.4848%

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COST SUPPORT MATERIAL
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SUMMARY OF OPERATING EXPENSE AND TAX

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LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	OTHER
	OPERATING EXPENSE AND TAX SUMMARY						
1	NETWORK SUPPORT EXPENSE	6110		324,745	S-9, LN 13-23	9,162	315,583
2	GENERAL SUPPORT EXPENSE	6120		1,357,545	S-9, LN 24-27	64,107	1,293,438
3	CENTRAL OFFICE EXPENSE	6210		3,139,573	S-9, LN 33	345,168	2,794,405
4	CABLE AND WIRE FACILITIES EXPENSE	6410		17,861,701	S-9, LN 35	12,840,050	5,021,651
5	OTHER PLANT EXPENSE	6510		19,040,771	S-10, LN 6	4,361	19,036,410
6	NETWORK OPERATIONS EXPENSE	6530		6,700,630	S-10, LN 13	238,188	6,462,442
7	ACCESS CHARGE EXPENSE	6540		3,490,509	S-10, LN 15	0	3,490,509
8	MARKETING EXPENSE	6610		3,854,898	S-11, LN 15	32,276	3,822,622
9	SERVICES EXPENSE	6620		745,921	S-11, LN 39	92,764	653,157
10	EXECUTIVE AND PLANNING EXPENSE	6710		2,700,631	S-12, LN 7	464,732	2,235,899
11	GENERAL AND ADMINISTRATIVE EXPENSE	6720		8,385,205	S-12, LN 8-15	2,241,384	6,143,821
12	SUBTOTAL OPERATING EXPENSES			67,602,129		16,332,191	51,269,938
13	% DISTRIBUTION			100.0000%		24.1593%	75.8407%
14	DEPRECIATION - PLANT IN SERVICE	6561		6,651,998	S-10, LN 33	1,386,896	5,265,102
15	DEPRECIATION - FUTURE USE	6562		0	S-10, LN 34	0	0
16	AMORTIZATION - TANGIBLES	6563		0	S-3, LN 42-44	0	0
17	AMORTIZATION - INTANGIBLES	6564		0	S-3, LN 45	0	0
18	AMORTIZATION - OTHER	6565		0	S-3, LN 46	0	0
19	OTHER OPERATING TAX	7240		1,067,952	S-12, LN 35	304,418	763,534
20	TOTAL OPERATING EXPENSE AND TAX			75,322,079		18,023,505	57,298,574
21	% DISTRIBUTION			100.0000%		23.9286%	76.0714%
	NON OPERATING EXPENSE	7370					
22	ABANDONED CONSTRUCTION			0	S-2, LN 8	0	0
23	CONTRIBUTIONS			190,131	S-12, LN 2	47,855	142,276
24	ALL OTHER			323,001	S-12, LN 2	0	323,001
25	TOTAL NON OPERATING EXPENSE			513,132		47,855	465,277
26	% DISTRIBUTION			100.0000%		9.3261%	90.6739%
	UNCOLLECTIBLES						
27	END USER MSG TOLLS	5310		0	DIRECT	XXX	XXX
28	IX CARRIER	5330		16,816,800	DIRECT	16,816,800	0
29	TOTAL UNCOLLECTIBLES			16,816,800		16,816,800	0
30	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12, LN 4	0	0

Exhibit 23

**STA, Omnitel
Communications
(Aureon_01071-88)
(dated Aug. 20, 2004)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 24

**STA, Louisa Communications
(Aureon_01233-49)
(dated Aug. 27, 2004)**

**CONFIDENTIAL MATERIALS
OMITTED**

Exhibit 25

STA, BTC, Inc.
(Aureon_00348-64)
(dated Jan. 26, 2005)

CONFIDENTIAL
MATERIALS OMITTED

Exhibit 26

**STA, Premier Communications
(Aureon_00904-21)
(dated Sept. 1, 2006)**

**CONFIDENTIAL MATERIALS
OMITTED**

Exhibit 27

**Excerpted Pages from the
Deposition of Robert Sherlock
(taken Feb. 10, 2010)**

**HIGHLY CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 28

**Aureon Website
(Network Transport)**

Home



NETWORK TRANSPORT

Aureon Technology offers a high-capacity, symmetrical, redundant fiber optic network to support all your communication needs. From Ethernet transport to MPLS technology, we have the broad suite of services you need and the powerful network needed to deliver them.

WELL CONNECTED RESOURCES

At Aureon, we're nothing if not well connected. That's because we deploy high-capacity, redundant, self-healing fiber networks that deliver advanced business-class services. We support communication providers with multiple switching centers, providing full redundancy to the main switching and Internet equipment. Whether it's rural or metro, Aureon works to find end-to-end network transport solutions that will keep businesses connected and future-proofed.

KEEPING YOU CONNECTED IS IN OUR FIBER

In addition to our Ethernet and MPLS services, Aureon also offers the following fiber-based network transport services and features:

- TDM Capacity: DS1, DS3, OCx, Synchronous Transport Signaling (STS)
- Colocation Services
- Multiplexing
- SONET self-healing and ring configurations
- Multiple POP locations

- Quality of Service (QoS) management

ETHERNET

Ethernet services from Aureon are a smart, cost-efficient way to connect your systems. We allow you to tailor your Ethernet system by selecting the exact bandwidth and applications to meet your customers' needs. This means improved speed, flexibility and savings, even in multi-site environments.

- Use existing LAN equipment and network connectivity
- Save money compared to competitive data transport methods
- 24/7, year-round, technical support
- Adaptable, high-bandwidth connection for evolving technologies
- Dedicated Ethernet with dedicated bandwidth between sites

MULTI-SITE NETWORK CONNECTIVITY

Customized. Private. Secure. Aureon developed its Multi-Protocol Label Switching (MPLS) service with the needs of small and medium-sized multi-site businesses in mind.

MPLS creates a totally private and customized network that is independent of transport medium. Using MPLS as the underlying technology, this allows your Wide Area Network (WAN) to be built on any combination of traditional Time-Division Multiplexing (TDM) circuits, Ethernet or Internet connections.

The Aureon MPLS service creates a totally private routing architecture for your WAN, giving you monitoring capabilities from any designated workstation. Robust features allow you to track system statistics in several categories. Not only that, we manage the network for you, which means you have more time to manage your business.

- DS-1(s), DS-3, Ethernet and GigE layer interfaces supported
- 24/7, year-round monitoring
- Internet access via MPLS available
- Leased line costs reduced
- Most existing routers or switches are compatible with Aureon MPLS

Whatever network transport services you need, Aureon has a solution.

CONTACT OUR SALES TEAM

Please use the form below to contact us.

First Name *

Last Name *

Email *

Organization Name *

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Exhibit 29

**Aureon Website
(Data Network Services)**

Home



DATA NETWORK SERVICES

Aureon Technology's Data Network Services ensure that your network is operating the way it should be. Our experts will help you create a converged communication solution that allows your voice, video and data to be delivered safely and efficiently.

TOP NOTCH SERVICE

Our experts work to fully understand your business and data usage, and provide business solutions that help you plan for your data networking needs. Then, we'll determine the connectivity and design the services that best fit your organization.

We deliver multiple data networking solutions that are scalable to adjust and grow with your business. Whether your employees are located in one building or multiple locations around the world, we offer:

MPLS – A Multi-Protocol Label Switching (MPLS) network allows your business to prioritize the voice, video and data traffic on a converged communications network.

Fiber – The Aureon Fiber Optic Network provides the speed, bandwidth, reliability and performance to support your business communications with redundancy, symmetry and reliability.

SIP Session (Trunking) – SIP trunking is a type of Converged Access that is a cost-effective solution for businesses seeking the benefits of converging voice and data traffic into one network.

IP Meshed Wide Area Networks (WAN) – With the multiple access and configuration options available,

PUBLIC VERSION

Aureon's IP meshed WAN provides an efficient and secure data network.

T-1 – Our T-1 and integrated T-1 solutions offer dedicated transport for your business voice and data. T-1 is often used for businesses with large data needs and a high volume of voice traffic or no access to Ethernet options.

Ethernet Over Copper (EoC) – Aureon's EoC solution provides Ethernet speeds up to 30+ Mbps. It's a fast, secure and affordable alternative to T-1 or fiber.

Aureon's data networking services can ensure your converged business Internet needs are met with reliable performance.

CONTACT OUR SALES TEAM

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Last Name *

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Organization Name *

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Exhibit 30

**Aureon Website
(Wholesale Services)**

Home



WHOLESALE SERVICES



GET THE WHOLE PICTURE

When Aureon Technology started out as Iowa Network Services more than 25 years ago, the goal was to provide centralized equal access throughout the state of Iowa, so that local telephone companies could connect their communities to long-distance carriers. Over the years, technologies have changed, and we have evolved to meet new challenges. But one thing that hasn't changed is our commitment to connecting companies to the customers that they serve, no matter the technology. That's why we've earned the title of "the carriers' carrier" — we design custom and flexible solutions that fit your needs and implement them quickly.

When you partner with Aureon, you get access to not only our industry-leading team of network experts, but also our world-class Aureon Fiber Optic Network, spanning thousands of miles and connecting hundreds of communities. Our network operates through switching centers and employs a SONET architecture that recognizes fiber cuts and reroutes traffic before service is interrupted or degraded.

Powered by our talent, technology and tools, we design custom and flexible solutions to suit your needs and implement them quickly. Our support team will then be there to help you every step of the way, working as your trusted partner so that you can focus on what you do best. So whether it's network transport and management or voice, video and data solutions, Aureon has the end-to-end communications solutions to keep you and your customers connected and productive.

CONTACT OUR SALES TEAM

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Organization Name *

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NETWORK TRANSPORT

Aureon offers a high-capacity, symmetrical, redundant fiber optic network throughout to support all your communication needs. From Ethernet transport to MPLS technology, we have the broad suite of services you need and the powerful network needed to deliver them.

[READ MORE](#)

NETWORK MANAGEMENT

We offer a comprehensive suite of products that allow us to manage the ins and outs of your network. Working either separately or in tandem with your system architecture and administration, our Network Monitoring Services will keep your network running productively. And when your network is productive, so are your customers.

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INTERNET SERVICES

We operate three geographically separate IP-network hubs on the Aureon Fiber Optic Network, and connect to multiple Tier 1 backbone providers to deliver the most reliable connections in the industry. If one of our providers has network issue, we quickly route traffic among to our other providers at our redundant locations to ensure your organization has the access it needs at all times.

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WHOLESALE VOICE SERVICES

Our wholesale long-distance, IP long-distance and toll-free services feature 24/7, year-round Network Control Center support, and call detail records in industry-standard EMI format. Aureon Technology also provides competitively priced Hosted Voice-Over IP reseller opportunities, SS7 database services and CALEA compliance.

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WHOLESALE VIDEO SOLUTIONS

Aureon Technology provides next-generation internet protocol television (IPTV) to your business via an affordable solution, teamed with options and a proven support staff.

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CLOUD & DATA CENTER SERVICES

Aureon's Cloud and Data Center services offer companies new ways to manage and secure their IT infrastructure. Leveraging the Aureon Cloud and data center facility can enable businesses to become more mobile and efficient and can enhance reliability and uptime objectives.

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IT SOLUTIONS

Whether it's occasional support or managing your business's day-to-day IT needs, Aureon's team of IT professionals take care of your IT functions and ensure they're always running smoothly.

COMMUNICATIONS, VOICE, VIDEO & DATA

Aureon Technology is an end-to-end communications provider, delivering enterprise-ready voice, video and data services.

CHANNEL PARTNER PROGRAM

Aureon Technology's agent program enables you to grow your business while giving your customers exactly what they need to grow theirs. We offer a full range of services, a dedicated support team and a superior customer experience.

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Exhibit 31

**TA, Great Lakes
Communications Corp.
(Aureon_00090-100)
(dated July 1, 2005)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 32

**TA, Omnitel
Communications
(Aureon_01089-01101)
(dated Sept. 20, 2004)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 33

**TA, Louisa
Communications
(Aureon_01250-61)
(dated Aug. 27, 2004)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 34

**TA, BTC, Inc.
(Aureon_00365-76)
(dated Jan. 26, 2005)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 35

**TA, Premier
Communications, Inc.
(Aureon_00922-34)
(dated Sept. 1, 2016)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 36

**TA, Interstate Cablevision
Company
(Aureon_01118-28)
(dated July 22, 2015)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 37

**TA, FMTC-I35, Inc.
(Aureon_01270-77)
(dated Feb. 1, 2017)**

**CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 38

**INS Forbearance Opp.,
WC Docket No. 16-363
(filed Dec. 2, 2016)**

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

Petition of AT&T Services, Inc. for
Forbearance Under 47 U.S.C. § 160(c) From
Enforcement of Certain Rules for Switched
Access Services and Toll Free Database Dip
Charges

WC Docket No. 16-363

**IOWA NETWORK SERVICES, INC.'S MOTION FOR PARTIAL
SUMMARY DENIAL OF AT&T SERVICES, INC.'S FORBEARANCE PETITION**

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NETWORK SERVICES

Date: December 2, 2016

PUBLIC VERSION

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SUMMARY

The FCC should summarily deny the Petition of AT&T Services, Inc. (“AT&T”) insofar as it asks the agency to forbear from enforcing the tariffs of centralized equal access (“CEA”) service providers. Partial summary denial is warranted because AT&T cannot show that any of the three statutory criteria for determining whether forbearance is appropriate have been met with respect to such providers.

The FCC established CEA service to make it attractive for new long distance market entrants to offer their services in rural areas in competition with the large, incumbent long distance carriers such as AT&T, which previously had held a monopoly over the costly infrastructure necessary to connect calls between interexchange carriers (“IXCs”) and rural local exchange carriers (“LECs”). CEA service levels the competitive playing field by providing a centralized tandem switch for connecting those calls and making the CEA network equally available at the same price to all IXCs, both large and small. The service thus eliminates the need for each individual IXC to build its own expensive infrastructure to connect calls to and from hundreds of rural LECs and thereby increases the competitive long distance service options available to consumers.

Iowa Network Services, Inc. d/b/a Aureon Network Services (“Aureon”) is a dominant carrier that provides CEA service in Iowa. Prior to Aureon’s creation, end-user customers were unable to choose their own long distance carriers, but instead were forced to use monopoly long distance services provided by AT&T (for interLATA calls) and Northwestern Bell Telephone Company (for intraLATA calls). Aureon’s CEA network brought long distance competition to rural Iowa, and made it economical for AT&T’s smaller IXC competitors to provide service to rural Iowa by aggregating traffic for hundreds of rural LECs at Aureon’s tandem switch in Des Moines and by centralizing the availability of expensive features and advanced functionalities. Without Aureon’s service, a competitive choice of long distance carriers may never have developed in rural areas of Iowa.

To ensure that smaller IXCs are able to compete with AT&T in rural Iowa, the FCC required all IXCs, including AT&T, to route their traffic to the subtending LECs over Aureon’s CEA network; the Iowa Utilities Board adopted a similar requirement for intrastate traffic. If AT&T, which controls a large percentage of the traffic currently routed over the CEA network, is permitted via forbearance to bypass the CEA network, the costs for other carriers to serve rural areas would significantly increase because Aureon’s CEA rate is calculated by Section 61.38’s cost divided by traffic-based approach applicable to dominant carriers. That rate is inversely related to the amount of traffic carried – i.e., as traffic volumes increase, the CEA rate decreases, and vice versa. Through a combination of selling wholesale services to other carriers for terminating calls to rural LECs and AT&T’s major retail market share, AT&T has amassed control over a large volume of access stimulation traffic, which would make bypass of the CEA network by direct trunks profitable for AT&T, if forbearance was granted. If competitive carriers, which require use of the CEA common trunks due to their smaller traffic volumes, were forced to pay a higher CEA rate to originate or terminate calls in rural Iowa – a price that forbearance would allow AT&T to avoid with direct trunk bypass– AT&T would receive a destructive competitive advantage over other long distance carriers.

PUBLIC VERSION

AT&T's forbearance petition must be denied unless AT&T can prove that (1) enforcement of the subject tariff regulations is not necessary to ensure that the charges, practices, classifications, or regulations regarding CEA service are just, reasonable, and nondiscriminatory; (2) enforcement is not necessary to protect consumers; and (3) forbearance is consistent with the public interest. AT&T cannot show that any of these requirements are met with respect to forbearance from the tariffing requirements applicable to CEA service.

First, the tariff provisions requiring AT&T to send its traffic over the CEA network are essential to keeping CEA tariff rates affordable and competitive for AT&T's smaller long distance competitors. AT&T argues that forbearance is warranted given that certain forms of intercarrier compensation is transitioning to bill-and-keep. But under a bill-and-keep regime, end-user customers serve as the primary source of revenues, with support funds such as the Connect America Fund ("CAF") or the Universal Service Fund ("USF") serving as a backup cost recoupment source – a principle that the FCC recognizes. Aureon – which provides its CEA service exclusively to IXC's – does not have any CEA end user customers whom it can bill to offset the loss in revenue from non-paying IXC's, nor does Aureon receive any CAF or USF support. Aureon's CEA rate is calculated based on its costs and traffic volumes pursuant to section 61.38 for dominant carriers. This results in a just and reasonable rate charged on a non-discriminatory basis to all IXC's using Aureon's network.

Second, enforcement of CEA tariffs is necessary to preserve consumer choice in the long distance service market in rural Iowa. If the Commission grants AT&T's Petition, AT&T could shift the costs of the CEA network to AT&T's long distance competitors by demanding direct trunks for access stimulation traffic, which would remove a large volume of traffic from the CEA network's common trunks. As traffic volume on Aureon's CEA network decreases, Aureon – to cover its costs – would be forced to increase its CEA rate for the smaller IXC's that continue to rely on the CEA common trunks, which would make those IXC's a less desirable choice for rural consumers because they, in turn, likely would raise their rates to cover their increased costs. Alternatively, AT&T could proffer forbearance as an alleged excuse for refusing to pay for a large percentage of the traffic on the CEA network but continue to route traffic over the CEA network. To cover the costs imposed by AT&T's uncompensated use of the CEA network, the CEA rate would have to be increased for smaller IXC's, making them a more expensive, and less appealing, competitive alternative for consumers.

Third, CEA service tariff enforcement advances the public interest by promoting competition among long distance services in rural Iowa because without such tariffs, AT&T likely would rapidly reinstate its former monopoly power over interLATA long distance service in rural areas. Forbearance would likely force Aureon to increase its CEA rate to smaller IXC's to make up for the shortfall in revenues from AT&T's injurious actions. That result would damage competition, harm consumer choice, and disserve the public interest.

AT&T – which bears the burden of proving that all three criteria are met – has failed to show that any of them are satisfied with respect to CEA service. Therefore, its Petition should be summarily denied with respect to that service.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

Petition of AT&T Services, Inc. for
Forbearance Under 47 U.S.C. § 160(c) From
Enforcement of Certain Rules for Switched
Access Services and Toll Free Database Dip
Charges

WC Docket No. 16-363

**IOWA NETWORK SERVICES, INC.’S MOTION FOR PARTIAL
SUMMARY DENIAL OF AT&T SERVICES, INC.’S FORBEARANCE PETITION**

Pursuant to Section 1.56 of the Commission’s rules,¹ Iowa Network Services, Inc., d/b/a Aureon Network Services (“Aureon”), respectfully requests that the Commission summarily deny the September 30, 2016 Petition of AT&T Services, Inc. (“AT&T”)² insofar as it asks the Commission to forbear from the tariffing requirements of the Communications Act of 1934 (“Act”) and the FCC’s rules for the tariffs of centralized equal access (“CEA”) providers.³

While Aureon takes no position regarding AT&T’s Petition with respect to local exchange carriers (“LECs”) engaged in access stimulation, summary denial of AT&T’s Petition is strongly warranted with respect to CEA providers because AT&T – which bears the burden of proof – cannot show that any of the three statutory criteria for determining whether forbearance is appropriate have been met. First, the tariff provisions requiring AT&T to send its traffic over

¹ 47 C.F.R. § 1.56.

² Petition of AT&T Services, Inc. for Forbearance under 47 U.S.C. § 160(c), WC Docket No. 16-363, September 30, 2016 (“AT&T Petition”).

³ While AT&T claims to seek forbearance for traffic “to or from LECs [local exchange carriers] engaged in access stimulation under the Commission’s rules,” *Id.* at 13, its forbearance request actually extends much more broadly to encompass the tariffs of CEA providers. *Id.* at App’x A (“As applied to intermediate LECs and centralized equal access (“CEA”) providers”).

the CEA network are essential to keeping CEA tariff rates affordable and competitive for AT&T's smaller long distance competitors. Second, enforcement of CEA tariffs is necessary to preserve consumer choice in the long distance carrier market in rural Iowa that CEA service enabled. Third, continued CEA tariff enforcement will serve the public interest by promoting competition among long distance services in rural Iowa because without such tariffs, AT&T likely would rapidly reinstate its former monopoly power over interLATA long distance service in rural areas.. Therefore, AT&T's Petition should be summarily denied with respect to CEA providers.

I. BACKGROUND

Centralized Equal Access Service is a unique service established by the FCC⁴ that enables small interexchange carriers ("IXCs") to compete with large, entrenched IXCs, such as AT&T. CEA service levels the competitive playing field by providing a centralized tandem switch for connecting calls between IXCs, on one hand, and rural LECs, on the other, at an affordable rate made possible by concentrating the rural traffic of all IXCs, both large and small. The service thus eliminates the need for each individual IXC to build its own expensive infrastructure to connect calls to and from rural LECs. CEA service is not directly provided to individual consumers or end users.

⁴ *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's rules and Regulations to Lease Transmission Facilities to Provide Access Service to Interexchange Carriers in the State of Iowa*, Memorandum Opinion, Order and Certificate, 3 FCC Rcd 1468, 1471 ¶¶ 20-21 (1988) ("FCC 214 Order"), *aff'd on recon.*, 4 FCC Rcd 2201 (1989) ("FCC 214 Recon. Order") (holding that CEA service serves the public interest, convenience and necessity); *Nw. Bell Tel. Co. v. Iowa Utils. Bd.*, 477 N.W.2d 678, 681 (Iowa 1991) (distinguishing CEA service from other services and upholding the approval of Aureon's CEA network).

PUBLIC VERSION

Aureon is an Iowa-based “Centralized Equal Access provider” as that term is used in the pertinent federal regulations.⁵ The Iowa Supreme Court has described Aureon’s CEA service as follows:

Nearly all of the nonrate-regulated local exchange carriers connect to interexchange carriers through centralized equal access services of Iowa Network Services (INS). INS is a fiber-optic network and switching system designed to concentrate the long-distance traffic to and from the numerous independent Iowa telephone companies. INS connects local exchange carriers with IXC’s. So, instead of dozens of local exchange carriers administering access with IXC’s, INS coordinates those functions for its members.⁶

Prior to Aureon’s creation, long distance consumers in rural Iowa were forced to route their calls through AT&T (for interLATA calls) and Northwestern Bell Telephone Company (“NWB”, now CenturyLink) (for intraLATA calls) because only AT&T and NWB had their own networks connecting their customers’ calls to each rural LEC in Iowa.⁷ Only AT&T offered interLATA long distance service,⁸ and only NWB offered intraLATA long distance service⁹ due to their monopoly over long distance facilities serving rural Iowa exchanges. Rural LECs in Iowa could not offer their end users a competitive choice of long distance carriers due to the substantial expense of upgrading hundreds of rural end office switches with equal access capabilities, the disparate types of equipment used among the LECs, and the lack of a comparable network from a competing IXC for connecting end users’ calls. Furthermore, small rural communities in Iowa have low population densities, and it was simply too expensive for small IXC’s to build their own facilities to each rural LEC end office due to the high cost of

⁵ See e.g., 47 C.F.R. § 69.112(i).

⁶ *AT&T Commc’ns of the Midwest, Inc. v. Iowa Utils. Bd.*, 687 N.W.2d 554, 558 (Iowa 2004).

⁷ *FCC 214 Order* at 1471 ¶ 19.

⁸ *Id.* at 1468 ¶ 3.

⁹ *Nw. Bell*, 477N.W.2d at 681.

construction and the insufficient return on investment in low-population communities. As a result, AT&T was the default monopoly provider of interLATA long distance service in rural Iowa.

Aureon was created to foster competition with AT&T. On February 29, 1988, the Commission granted section 214 authorization to Aureon to build a fiber optic network to provide CEA service. The Commission found that the CEA network will “serve the public interest, convenience and necessity” by creating competition with AT&T in small rural communities, which is an important Commission goal.¹⁰ Aureon’s CEA network thus brought long distance competition to rural Iowa and made it economical for AT&T’s smaller IXC competitors to provide service to rural Iowa by aggregating traffic for hundreds of rural LECs at Aureon’s tandem switch in Des Moines and by centralizing the availability of expensive features and advanced functionalities.

Absent Aureon’s CEA service, AT&T’s smaller competitors would have to build or lease facilities to each of the rural LEC end offices connected to Aureon’s network (otherwise known as “subtending LECs”). In the Commission’s words, this would be “an expensive task.”¹¹ Aureon’s CEA service connects the IXCs’ facilities – at a single location in Des Moines¹² – to more than 200 subtending LECs’ networks, thereby enabling the IXCs’ end users located in these LECs’ service areas to dial 1 plus the area code to complete on an equal access basis their long distance telephone calls using the long distance carriers of their choice. CEA service also enables IXCs to connect at a single location in order to terminate their end users’ calls to all the

¹⁰ *FCC 214 Order*, 3 FCC Rcd at 1468 ¶ 4, 1471 ¶¶ 21, 23.

¹¹ *Id.* at 1468 ¶ 3.

¹² CEA service also provides IXCs with the convenience of interconnecting with the CEA network at other locations specified in the CEA tariffs.

service areas of more than 200 subtending LECs. As the Commission anticipated, Aureon's CEA network thus "speed[s] the availability of high quality varied competitive services to small towns and rural areas."¹³ Without Aureon's service, a competitive choice of long distance carriers may never have developed in rural areas of Iowa.

In compliance with Section 203(a) of the Communications Act, which states that "[e]very common carrier" shall file a tariff with the FCC,¹⁴ Aureon filed a tariff with the FCC establishing its carrier's carrier charges for CEA service. The Commission's original section 214 authorization classified Aureon as a "dominant carrier."¹⁵ Based on this classification – and for the more than twenty-eight years since Aureon's creation – Aureon has always calculated its CEA tariff rate pursuant to the traffic and cost studies required of dominant carriers by 47 C.F.R. § 61.38, rather than the rate caps and benchmarks applied to non-dominant carriers.

Section 61.38 applies to Aureon because it is a dominant carrier "whose gross annual revenues exceed \$500,000 for the most recent 12 month period of operations." The Commission required Aureon to file Section 61.38 cost studies to support Aureon's initial CEA tariff rates.¹⁶ Subsequently, every two years, Aureon has filed with the Commission cost and traffic studies as required by Section 61.38. According to the most recent Section 61.38 traffic and cost studies, CEA service had a return on interstate investment of negative 343.36 percent during the year

¹³ *Id.* at 1468 ¶ 4 and 1474 ¶ 38.

¹⁴ 47 U.S.C. § 203(a).

¹⁵ *FCC 214 Order*, 3 FCC Rcd at 1469 ¶ 10.

¹⁶ INAD Transmittal No. 10, Tariff F.C.C. No. 1, Apr. 14, 1989 ("Revised supporting information required by Section 61.38 of the Commission's Rules is attached"); *see also*, Description and Justification at 1, Apr. 14, 1989 ("INS has been requested by the FCC's staff to prepare and provide a cost study in support of its Tariff F.C.C. No. 1 issued on August 10, 1988").

2015.¹⁷ For the projected twelve month period, July 1, 2016 to June 30, 2017, the current CEA tariff rate will result in a negative 171.69 percent rate of return.¹⁸ AT&T's scheme to avoid paying the CEA tariff rate via forbearance would seriously worsen Aureon's under-earnings for CEA service.

The FCC reaffirmed Aureon's dominant carrier classification only four months ago.¹⁹ While reclassifying all LECs as non-dominant (due to rate caps or rate benchmarks) the Commission retained dominant carrier classification for CEA carriers requiring tariff rates to be supported by traffic and cost studies, rather than incumbent LEC ("ILEC") rate caps or competitive LEC ("CLEC") rate benchmarks. The FCC expressly stated that "non-dominant status does not extend to centralized equal access providers because such carriers do not provide service to end users."²⁰ Furthermore, when the Commission adopted rate caps for non-dominant ILECs and CLECs, the Commission retained the Section 61.38 rate regulations for dominant carriers.

The Commission recognized that, unlike CEA providers, ILECs and CLECs have end users who they can charge higher rates in order to offset any reduction in access rates billed IXC's. "[C]arriers look first to their subscribers to cover the costs of the network, then to explicit universal service support where necessary." *Connect America Fund*, 26 FCC Rcd 17663, 17676 ¶ 34 (2011) ("*USF/ICC Transformation Order*"). In affirming that decision, the U.S. Court of

¹⁷ INAD Tariff F.C.C. No. 1, July 1, 2016 Annual Access Charge Tariff Filing, Description and Justification at 2, June 16, 2016.

¹⁸ *Id.*

¹⁹ *Technology Transitions*, Declaratory Ruling, Second Report and Order, and Order on Reconsideration, 31 FCC Rcd 8283, 8290 n.43 (rel. July 15, 2016) (*Non-Dominant ILEC Ruling*).

²⁰ *Id.*

Appeals for the 10th Circuit noted that “the FCC has found that carriers can offset lost revenue by increasing charges on end-users.” *In re FCC 11-161*, 753 F.3d 1015, 1130 (10th Cir. 2014). In singling out CEA service providers for continued treatment as dominant carriers, the Commission properly recognized that CEA carriers such as Aureon cannot increase rates to end users to offset revenue reductions from the rate caps that are applied to non-dominant carriers because CEA service is not provided to end users.²¹ Rather, Aureon’s only source of revenues for offering its CEA service are its IXC customers.

A critical aspect of the Commission’s authorization of Aureon’s CEA network is the requirement that all IXCs, including AT&T, route their terminating traffic to the subtending LECs over the CEA network, which ensures that the tariff rate for CEA service remains affordable for AT&T’s smaller competitors.²² When the CEA network was initially proposed, AT&T did not need the CEA network, and would incur additional costs to route its traffic over the CEA network, because it was already connected to all of the LEC end offices in Iowa by the transport facilities provided by NWB. The Commission, however, found that Aureon’s CEA network would not be economically viable if it carried only the traffic of new market entrants and required AT&T to route its terminating traffic over the CEA network to the connected LECs’ end offices:

All toll traffic, both inter- and intra-state, is to transit the Des Moines switch for ticketing and billing...In reaching its decision, the Bureau determined that INAD’s [Iowa Network Access Division’s] inclusion of a mandatory terminating use requirement for interstate traffic was not ‘unreasonable [nor would differ]

²¹ Aureon also does not receive any *Connect America* funds (“CAF”) or other USF support.

²² As traffic volume decreases, the CEA per minute rate increases; and as traffic volume increases, the CEA per minute rate decreases.

substantially from the normal way access is provided, as both an originating and terminating service.’’²³

The Commission made its section 214 authorization conditional upon the adoption by the Iowa Utilities Board (“IUB”) of a similar mandatory terminating use requirement for intrastate traffic.²⁴

After extensive hearings, the IUB likewise ordered AT&T to route its intrastate terminating traffic over the CEA network to ensure an affordable CEA rate for AT&T’s smaller competitors. In the IUB’s Final Decision and Order approving the establishment of Aureon, the IUB made the following findings of fact:

It is reasonable that the participating telephone companies [i.e., the subtending LECs] be allowed to route their toll traffic as they choose, in this case pursuant to the participation agreement, both before an originating call has been delivered by INS and after a terminating call has been delivered to INS. . . .

The network which INS proposes will provide benefits to interexchange carriers, participating telephone company end-users, and all Iowa telephone [end users] in general. It is reasonable that each of these groups should share in paying the costs of centralized equal access and of potential future information services. . . .

It is reasonable to require all interexchange carriers to bear the burden of reaching the INS serving point. . . .²⁵

The IUB further ruled that “[p]ursuant to their participation agreements with INS [Aureon], the [participating telephone companies] PTCs will be allowed to require at their option that all

²³ *FCC 214 Recon. Order*, 4 FCC Rcd at 2201 ¶¶ 2, 3.

²⁴ *FCC 214 Order*, 3 FCC Rcd. at 1474 ¶ 39.

²⁵ *Nw. Bell Tel. Co.*, FCU-90-6, 1991 WL 517007, slip op. at 3 (IUB May 10, 1991) (quoting the IUB’s Final Decision and Order; *See In re Iowa Network Access Division, Final Decision and Order*, Docket No. RPU-88-2, 1988 Iowa PUC Lexis 1, *28-29) (IUB Oct. 18, 1988).

terminating traffic be routed over the INS network and INS will be allowed to charge its CEA rate for all such terminating traffic.”²⁶

In making those determinations, the IUB made clear that for long distance competitive choice available through CEA service to be viable in Iowa, all IXC's, including AT&T, would need to route all of their traffic, both originating and terminating, over the CEA network when subtending LECs choose to connect to the CEA network. Such an arrangement would ensure that the rates for CEA service are reasonable for all IXC's regardless of size, and it would foster competition in the long distance market in rural areas of Iowa. If a large carrier, such as AT&T, were permitted to bypass the CEA network, the costs for other carriers to serve rural areas would significantly increase because Aureon's CEA rate is inversely related to the amount of traffic carried – *i.e.*, as traffic volumes increase, the CEA rate decreases, and vice versa. AT&T would have a competitive advantage over other long distance carriers if those carriers were forced to pay a higher CEA rate to originate or terminate calls in rural Iowa – a charge that AT&T would be able to avoid if forbearance is applied to CEA tariffs.

The FCC and the IUB subsequently approved tariffs for Aureon that required IXC's to route over the CEA network all terminating traffic destined to or originating from the subtending LECs' exchanges, and they allowed Aureon to apply its CEA tariff rates to that traffic. The Commission has referred to this as the “mandatory use” requirement. *FCC 214 Order*, 3 FCC Rcd at 1472 ¶ 28; see also *id.* at 1473 ¶ 33 (“We do not believe that the mandatory termination requirement for interstate traffic is unreasonable...Given the expected benefits of the network...the requirement that terminating interstate traffic transit the Des Moines switch does

²⁶ *In re Iowa Network Access Division, Order Granting Rehearing for the Limited Purpose of Modification and Clarification and Denying Intervention*, Docket No. RPU-88-2, slip op. at 5, (1988 Iowa PUC Lexis 1) (IUB Dec. 7, 1988) (“*IUB Order*”).

not appear to be unlawful or unreasonable”). The mandatory use requirement was affirmed on appeal to the Iowa Supreme Court,²⁷ which held that it was “eminently reasonable” for the IUB to determine that “unless INS provided terminating access as well as originating access, all the costs of operating the network would have to be recovered in the provision of originating access only.” The Court reasoned that “[s]uch a result would frustrate one of the main goals of the INS system since the higher costs, which would be passed along to the interexchange utilities, would deter the entry of competition”.²⁸

Importantly, Aureon itself cannot benefit from the increased interstate traffic volume that results from this requirement because the CEA tariff rate must be based upon traffic and cost studies, which limits Aureon’s ability to increase its profit margin. The requirement, however, greatly benefits long distance competition in general and AT&T’s competitors in particular because greater traffic volume lowers the CEA tariff rate that they pay (*i.e.*, Aureon has more traffic over which to recoup its costs). Moreover, because increased traffic lowers Aureon’s CEA tariff rate, Aureon also does not benefit from access stimulation and is not able to engage in access revenue sharing.²⁹ Therefore, permitting AT&T either to remove a significant amount of traffic from the CEA network or not to pay the CEA tariff rates would create significant upward pressure on Aureon’s CEA rate, effectively shifting AT&T’s costs to its competitors. This, in turn, would likely make it unaffordable for many small IXCs to continue to offer service to hundreds of small towns and rural areas of Iowa – a result that would harm consumers by

²⁷ *Nw. Bell*, 477 N.W.2d at 684.

²⁸ *Id.*

²⁹ *See* n.36, *supra*.

decreasing their competitive long distance service options and increasing the rates that they pay for that service.

II. DISCUSSION

The FCC should summarily deny AT&T's forbearance Petition with respect to CEA service because AT&T has not met the statutory requirements for establishing that forbearance from the tariffing requirements for CEA service is appropriate.

As the Commission is aware, all three parts of Section 10(a) of the Act must be satisfied in order to grant a petition for forbearance. Under Section 10(a), AT&T must prove the following:

- (1) enforcement of such regulation or provision is not necessary to ensure that the charges, practices, classifications, or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable and are not unjustly or unreasonably discriminatory;
- (2) enforcement of such regulation or provision is not necessary for the protection of consumers; and
- (3) forbearance from applying such provision or regulation is consistent with the public interest.³⁰

“The three conditions of § 10(a) are conjunctive and the Commission can ‘properly deny a petition for forbearance if it finds that any one of the three prongs is unsatisfied.’”³¹ The burden of proof is on the petitioner – here, AT&T – to show that each of the conditions are met; otherwise, forbearance must be denied.³²

In this case, AT&T cannot show that any of the Section 10(a) requirements are met with respect to forbearance for the tariffing of CEA service. Thus, the Commission should summarily

³⁰ 47 U.S.C. § 160(a).

³¹ *Verizon v. FCC*, 770 F.3d 961, 964 (D.C. Cir. 2014) (quoting *Cellular Telecomms. & Internet Ass'n v. FCC*, 330 F.3d 502, 509 (D.C. Cir. 2003)).

³² *Id.* at 967 (citing *Qwest Corp v. FCC*, 689 F.3d 1214, 1226 (10th Cir. 2012)).

deny in part AT&T's Petition and maintain enforcement of the rates and regulations in the CEA tariffs. Summary denial is particularly warranted here because Aureon cannot recoup from end users or from support funds, such as the Connect America Fund ("CAF") or the Universal Service Fund ("USF"), the increased costs that would result from AT&T's refusal to use or pay for CEA service under the guise of its requested forbearance.

A. Continued Enforcement of the Tariffing Regime for CEA Service Is Necessary To Ensure Just and Reasonable Rates for all IXCs.

AT&T has failed to show that enforcement of the tariff rates for CEA service is unnecessary to ensure just, reasonable, and nondiscriminatory rates for that service. On this ground alone, its forbearance Petition should be denied.

AT&T premises its forbearance Petition on the notions that the FCC's bill-and-keep framework adopted in the *USF/ICC Transformation Order* for traffic exchanged with a LEC was incomplete with respect to certain access and transport-related charges and that forbearance would alleviate this problem.³³ Under bill-and-keep, an IXC pays nothing to other carriers for the tandem switching and transport involved in the delivery of calls, and instead the only source of revenue is through charges to end users. AT&T fails to acknowledge, however, that the stated justification for bill-and-keep simply does not apply to CEA service providers such as Aureon because CEA service has no end users, and that the continued existence of CEA tariffing currently is the only means to ensure that all IXCs are charged non-discriminatory, just and reasonable CEA rates.

Although the *USF/ICC Transformation Order* did lay the groundwork for transition of certain forms of intercarrier compensation to bill-and-keep, the FCC did not provide that all

³³ AT&T Petition at 3-4 (citing *USF/ICC Transformation Order*, 26 FCC Rcd 17663, ¶¶ 34, 35, 1297.

intercarrier compensation would go to bill-and-keep for important practical and policy reasons.

The FCC recognized that:

Under bill-and-keep arrangements, a carrier generally looks to its end-users – which are the entities and individuals making the choice to subscribe to that network – rather than looking to other carriers and their customers to pay for the costs of its network. To the extent additional subsidies are necessary, such subsidies will come from the Connect America Fund, and/or state universal service funds.

...

[A] bill-and-keep methodology requires carriers to recover the cost of their network through end-user charges, which are potentially subject to competition.³⁴

As the Commission observed, end-user customers properly should serve as the primary source of revenues under a bill-and-keep regime, with support funds such as CAF/USF serving as a backup cost recoupment source. But in stark contrast to CLECs and ILECs, which are subject to the bill-and-keep transitional rules adopted in the *USF/ICC Transformation Order*, CEA service providers have neither of these revenue sources available to them. Rather, IXCs are the only available revenue source. Therefore, if the FCC were to forbear from enforcing the CEA tariffing requirements for access stimulation traffic, AT&T could refuse to negotiate any payment for CEA service and force Aureon to try to recover its costs by increasing its CEA tariff rates for the non-access stimulation traffic of AT&T's smaller IXC competitors. Because Aureon cannot determine what traffic meets the criteria for access stimulation and which third parties have access revenue sharing agreements, forbearance would allow AT&T to unilaterally and arbitrarily decide which traffic is non-access stimulation traffic still subject to the CEA tariff rates. Therefore, as CEA service has no end users, forbearance will cause substantial upward pressure on the tariff rate for CEA service upon which AT&T's smaller IXC competitors depend for the completion of their non-access stimulation traffic. As the CEA tariff rate for non-access

³⁴ *USF/ICC Transformation Order* ¶ 737, 742 (citations omitted).

stimulation traffic increases, many smaller IXC's will likely find CEA service unaffordable and discontinue long distance service to the hundreds of small towns and rural areas connected to the CEA network. In other words, section 61.38, which obligates Aureon and other CEA providers to file tariff rates with the FCC based on cost and traffic studies for all traffic (both access stimulation traffic and non-access stimulation traffic), is the only intercarrier compensation system currently available that ensures that (1) all IXC's are charged a just and reasonable and non-discriminatory CEA rate and (2) Aureon can earn a reasonable rate of return.

AT&T's claim that forbearance is needed to prevent "inflated profits" from access stimulation is also inapplicable to CEA service.³⁵ Significant increases in CEA traffic cause a corresponding drop in the CEA tariff rate because Section 61.38 requires the CEA tariff rate to be calculated by dividing the regulated revenue requirement by the CEA minutes-of-use. Consequently, Aureon's FCC tariff rate for CEA service has significantly decreased since the CEA network was approved by the Commission. The maximum authorized rate of return prescribed by the Commission also prevents Aureon from increasing the CEA tariff rate above a just and reasonable level. Moreover, given that there is absolutely no evidence that Aureon has ever charged an unjust and unreasonable CEA tariff rate, the Section 208 complaint process, which only affects carriers with inflated rates, is far more rationale and equitable than indiscriminate blanket forbearance, which will (arbitrarily and for no good reason) do serious financial harm to carriers like Aureon that charge reasonable tariff rates and unnecessarily jeopardize long distance competition and consumer choice in rural Iowa.

The current CEA tariffing regime is the only means to ensure that just and reasonable CEA rates are available on a non-discriminatory basis to all IXC's that provide long distance

³⁵ AT&T Petition at 16.

service in rural Iowa. If the Commission were to require Aureon to negotiate individual rates for CEA service with each IXC, this would result in different rates being charged depending on the market power of the long distance provider, with the largest IXCs being able to obtain the most favorable CEA rate. Moreover, with forbearance, there is no rate-setting mechanism in place to ensure that just, reasonable, and nondiscriminatory rates are set if the parties are unable to agree to rates voluntarily. Thus, AT&T has failed to establish that the first forbearance criterion has been met, and AT&T's Petition should be summarily denied with regard to CEA tariffs on this ground alone.

B. CEA Tariffs Are Necessary To Ensure that a Choice of Long Distance Carriers Remains Available for Rural Customers.

AT&T also has failed to show that enforcement of CEA tariffs is unnecessary to protect consumers – the second factor in the section 10(a) forbearance test, which focuses on the impact of forbearance “on the broad consumer population.”³⁶ Contrary to AT&T's claim, enforcement of the FCC's CEA tariff regulations is necessary to ensure that consumers are not harmed from having fewer choices in long distance and local exchange service providers.

As discussed in Part I above, the FCC and the IUB both found that Aureon's CEA network would speed the availability of high quality varied competitive services to small towns and rural areas in Iowa. As a direct result of Aureon's creation, consumers have long enjoyed the ability to choose among multiple providers of long distance and other services – an ability that Aureon gave to them. Rural traffic aggregation at an affordable CEA rate has succeeded in making it attractive for fifteen IXCs to use the CEA network to originate traffic and for

³⁶ *Verizon v. FCC*, 770 F.3d at 964.

seventeen IXCs to use the CEA network to terminate traffic. AT&T's proposed forbearance seeks to roll back the clock, and would damage competition for consumers in rural Iowa.

If the Commission grants AT&T's Petition, AT&T could increase costs for AT&T's long distance competitors in two ways. First, in negotiations, AT&T could demand direct trunks, which would remove a large volume of traffic from the CEA network's common trunks. As traffic volumes on Aureon's CEA network decrease, Aureon would be forced to increase its CEA rate for the smaller IXCs that continue to rely on the CEA common trunks, which would make those IXCs a less desirable choice for consumers because they, in turn, likely would raise their rates to recover their increased costs.

Second, AT&T could refuse to pay for CEA service but continue to route traffic over the CEA network. To cover the costs imposed by AT&T's uncompensated use of the CEA network, the CEA rate would have to be increased for smaller IXCs, resulting in an unfair competitive advantage for AT&T. Competitive long distance providers would incur tandem switching and tandem-switched transport charges³⁷ that would not be borne by AT&T, and competing IXCs would not be able to match AT&T's lower costs and resulting lower end-user long distance service rates. Eventually, AT&T would once again become the default monopoly provider of long distance service in many small Iowa towns and rural areas, which is the precise scenario that Aureon was created to remedy in the first instance. Thus, far from being unnecessary to protect consumers, as AT&T claims, CEA tariff enforcement is vital to protecting consumers' access to an array of competitive long distance service options.

³⁷ It is important to note that Aureon does not charge separate rate elements for tandem switching and tandem-switched transport of interstate traffic. The interstate CEA service rate is a single non-distance sensitive per-minute rate charged to IXCs to route traffic to and from the end offices of subtending LECs.

C. It Is Not in the Public Interest To Impose Forbearance Upon CEA Service.

Nor has AT&T proven that enforcement is unnecessary to protect the public interest – the third factor in the forbearance inquiry. When the concept of CEA service in Iowa was first proposed, monopolist toll and long distance service providers NWB and AT&T vigorously opposed Aureon’s creation because CEA service would enable competitive providers to enter the long distance market, and break their hold on intraLATA and interLATA service. In the *FCC 214 Order*, the Commission determined that it would serve the public interest for

the [CEA network] project to attract[] IXC’s who compete with AT&T in providing services from [rural] exchanges, [and] rural areas of Iowa should benefit from [Aureon’s] plan in that competition among IXC’s would be fostered, with IXC choice available for the first time to thousands of ITC subscribers.³⁸

Although the FCC determined that there would be some additional costs for AT&T associated with CEA service, the FCC found that Aureon’s “network appears to constitute a reasonable means of providing equal access in rural Iowa, and appears to be the only proposal likely to provide equal access services capable of reaching all [Iowa] telephone subscribers.”³⁹ Similarly, the IUB determined that authorizing Aureon to build its CEA network and to provide CEA service would “allow fair competition in the public interest while assuring the availability of safe and adequate communications service to the public.”⁴⁰ In addition to fostering long distance competitive choice, the Iowa Supreme Court determined that “[t]he network will also offer ‘modern information systems’ to the PTC’s, another feature formerly unavailable because of the

³⁸ *FCC 214 Order*, 3 FCC Rcd at 1471, ¶ 21

³⁹ *Id.* ¶ 23.

⁴⁰ *IUB Order*, 1999 Iowa PUC Lexis *8; *see also Nw. Bell*, 477 N.W. 2d at 681 (stating that Aureon’s CEA service would offer modern, advanced communications features previously unavailable in rural Iowa).

thinness of the market in any single independent, local telephone company prior to the [Aureon] collectivization.” *Nw. Bell*, 477 N.W.2d at 681.

The public interest would be harmed if AT&T’s Petition for forbearance were granted with respect to CEA tariffs because such an action would undo the benefits of long distance competition and modern information systems made available in rural Iowa by Aureon’s CEA service. Indeed, AT&T already has taken matters into its own hands by refusing to pay fully Aureon’s CEA tariff rate for any traffic that AT&T deems associated with access stimulation. Aureon is not involved with access stimulation, is not a party to any access revenue sharing agreements,⁴¹ and cannot benefit from increased traffic because its CEA rate decreases as traffic volumes increase. Aureon also cannot determine which traffic is related to access stimulation because Aureon does not possess the data, such as access revenue agreements, necessary to prove which third parties may or may not be involved in access stimulation. Forbearance would allow AT&T to unfairly shift the burden of proof to CEA providers and then refuse to pay CEA providers for not possessing such proof, when AT&T should be obtaining such proof from those third parties that AT&T believes are involved in access stimulation.

In addition, while AT&T complains of an increase in traffic volume from access stimulation, it appears that AT&T is now acting as a wholesale carrier for other carriers for long distance traffic bound for rural Iowa. For example, Verizon’s long distance traffic once accounted for a sizeable percentage of the traffic carried over Aureon’s CEA network. Verizon’s

⁴¹ Aureon has rebutted any presumption that Aureon is involved in access stimulation by providing a sworn affidavit from an Aureon officer attesting that Aureon is not a party to any access revenue sharing agreement. Frank Hilton Aff. ¶ 12, June 8, 2015, attached to INS’ Reply to AT&T’s Opposition to Motion for Summary Judgment on Tariff Claims, *Iowa Network Services, Inc. v. AT&T Corp.*, No. 14-3439 (D. N.J. June 8, 2015), ECF 32 (“INS is not a party to an access revenue sharing agreement with Great Lakes or any other entity”).

traffic has now nearly completely disappeared from the CEA network, and there has been a substantial decline in traffic volumes for Sprint and CenturyLink as well, suggesting that these three IXC's are using AT&T as a wholesale carrier for traffic terminating in Iowa.

In the *USF/ICC Transformation Order*, the FCC noted that commenters in that proceeding “expressed concerns that bill-and-keep arrangements will encourage carriers to ‘dump’ traffic on other providers’ terminating network, because the cost of termination to the carrier delivering the traffic will be zero.”⁴² At the time, the Commission stated that “[s]uch concerns . . . appear to be largely speculative [as] no commenter has identified a concrete reason why any carrier would engage in such ‘dumping’ or how it would do so.”⁴³ AT&T’s refusal to pay Aureon’s CEA tariff rates, at the same time AT&T is profiting as a wholesale carrier for other carriers, is a prime example of such dumping. Whether forbearance results in AT&T dumping traffic on the CEA network without paying the CEA tariff rate or using direct trunks to bypass the CEA network, forbearance will likely force Aureon to increase its CEA rate to smaller IXC's to make up for the shortfall in revenues from AT&T’s actions. That result would damage competition, harm consumer choice, and disserve the public interest, which constitutes yet another reason for summarily denying AT&T’s Petition regarding CEA tariffs.

III. CONCLUSION

AT&T’s Petition to forbear tariffing of CEA service suffers from a failure of proof and is a collateral attack on FCC and IUB decisions made nearly thirty years ago authorizing Aureon’s CEA service to bring competitive long distance service to rural Iowa. The FCC and the IUB determined that it is in the public interest to concentrate rural traffic on the CEA network in

⁴² *USF/ICC Transformation Order* ¶ 754.

⁴³ *Id.*

PUBLIC VERSION

order to attract competitors to AT&T in rural areas and increase the choice of carriers for rural customers. To preserve these benefits of competition, CEA tariff regulations must continue to apply to AT&T. A shift from tariffed CEA services to forbearance that allows AT&T to undermine the benefits of CEA will jeopardize Aureon's ability to continue to operate its CEA network. Aureon does not have any end user customers for CEA service that it can bill to offset the loss in revenue from non-paying IXCs. Aureon also cannot make up the revenue that would be lost due to forbearance from the CAF or other USF support mechanisms. Consequently, AT&T's Petition, if granted, would drastically reduce consumer choice for telecommunications services in rural Iowa. Accordingly, the FCC should summarily deny AT&T's Petition with respect to CEA service to protect consumers living in rural Iowa.

Respectfully submitted,

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Date: December 2, 2016

PUBLIC VERSION

CERTIFICATE OF SERVICE

I, Monica Gibson-Moore, a litigation assistant with the law firm of Fletcher, Heald & Hildreth, LLC, do hereby certify that on this 2nd day of December, 2016, copies of the foregoing Motion for Partial Summary Denial of AT&T's Forbearance Petition were sent by first-class mail to the following:

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**Via hand-delivery*

/s/ Monica Gibson-Moore
Monica Gibson-Moore

Exhibit 39

**INS Mot. to Dismiss,
INS v. AT&T Corp., No. 14-3439
(D.N.J. Aug. 22, 2014)**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X
IOWA NETWORK SERVICES, INC. :
 :
 :
 Plaintiff, : HON. JOEL A. PISANO
 :
 :
 v. : Civil Action No. 3:14-cv-03439-JAP-
 : LHG
 :
 AT&T CORP., :
 : NOTICE OF MOTION TO
 Defendant. : DISMISS COUNTERCLAIMS
 : UNDER RULE 12(B)(6)

Motion Day: October 6, 2014

-----X
PLEASE TAKE NOTICE that, pursuant to Fed. R. Civ. P. 12(b)(6), Plaintiff, IOWA NETWORK SERVICES, INC. (“Plaintiff”), will move this Court, which is located at the Clarkson S. Fisher Building & U.S. Courthouse, 402 East State Street, Trenton, New Jersey 08608, before the Honorable Joel A. Pisano, on October 6, 2014 at 9:30 a.m., or as soon thereafter as counsel may be heard for an Order: (1) granting Plaintiff’s motion to dismiss Defendant AT&T Corp.’s Counterclaims; and (2) granting Plaintiff such other and further relief that this Court deems just and proper.

PLEASE TAKE FURTHER NOTICE that in support of this motion, Plaintiff will rely upon the pleadings previously filed with this Court and the

exhibits thereto, and the Proposed Order and Plaintiff's Brief in Support of Its Motion to Dismiss submitted herewith.

No prior application for the relief sought herein has been made.

Dated: August 22, 2014

Respectfully submitted,

s/ Robert Levy

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IN THE UNITED STATES DISTRICT COURT
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IOWA NETWORK SERVICES, INC. :
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 :
 Plaintiff, : HON. JOEL A. PISANO
 :
 :
 v. : Civil Action No. 3:14-cv-03439-JAP-
 : LHG
 AT&T CORP., :
 :
 : CERTIFICATE OF SERVICE
 Defendant. :
 :
 :
 -----X

I, Robert Levy, hereby certify that on August 22, 2014, I electronically filed Notice of Motion to Dismiss Counterclaims under Rule 12(b)(6) in connection with the above-captioned matter with the Clerk of the Court using CM/ECF systems, which sent notification of such filing to:

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Dated: August 22, 2014
Lyndhurst, New Jersey

s/ Robert Levy
Robert Levy

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X
IOWA NETWORK SERVICES, INC. :

Plaintiff, : HON. JOEL A. PISANO

v. : Civil Action No. 3:14-cv-03439-JAP-
LHG
AT&T CORP., :
Motion Day: October 6, 2014
Defendant. :
-----X

**PLAINTIFF'S BRIEF IN SUPPORT OF
ITS MOTION TO DISMISS COUNTERCLAIMS
UNDER RULE 12(B)(6)**

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August 22, 2014

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X

IOWA NETWORK SERVICES, INC.	:	HON. JOEL A. PISANO
	:	
Plaintiff,	:	Civil Action No. 3:14-cv-03439-JAP-LHG
	:	
v.	:	
	:	PLAINTIFF’S BRIEF IN SUPPORT
AT&T CORP.,	:	OF ITS MOTION TO DISMISS
	:	COUNTERCLAIMS UNDER RULE
Defendant.	:	12(B)(6)
	:	
	:	Motion Day: October 6, 2014

-----X

Plaintiff, IOWA NETWORK SERVICES, INC. (“INS” or “Plaintiff”), pursuant to Fed. R. Civ. P. 12 (b)(6), hereby submits its brief in support of its Motion to Dismiss counts I through VI of the counterclaims filed by Defendant AT&T Corp. (“AT&T”). As AT&T’s counterclaims do not raise any disputed material questions of fact, the instant motion presents pure questions of law.

SUMMARY

Counts I, II, III, and V of AT&T’s counterclaims allege that the lawful and effective tariff rates for the Centralized Equal Access (“CEA”) service that INS provided to AT&T are unjust and unreasonable, invalid, and that INS allegedly violated 47 U.S.C. §§ 201(b) and 203 by billing the CEA tariff rates.¹ These AT&T counterclaims are an improper judicial challenge to CEA tariff rates that are

¹ The CEA tariffs are attached to the complaint. Complaint, Exs. B, C, and D [docket # 1-2, 1-3, 1-4, 1-5, 1-6].

deemed lawful under 47 U.S.C. § 204(a)(3). INS is subject to criminal and civil penalties should it fail to bill AT&T the tariff rates that are currently in effect. *See* 47 U.S.C. §§ 203 (e) and 501; Neb. Rev. Stat. § 75-126 (1)(e); Iowa Code § 476.5. If AT&T wants to modify the current CEA tariff rates, it must file such a request with the Federal Communications Commission (“FCC”) or the appropriate state regulatory agency. As any such administrative agency action could result in only a prospective change to the CEA tariff rates, an agency rate re-prescription will not have any impact on the case before this Court, which involves only the application of currently effective tariff rates to past due invoices for CEA service provided to AT&T in the past. Because federal and state statutes require billing and payment of the current CEA tariff rates, counts I, II, III, and V of AT&T’s counterclaims fail to plead an actionable violation of law.

Counts IV and VI of AT&T’s counterclaims allege an unjust and unreasonable practice by INS that allegedly violates section 201(b) of the Communications Act. Specifically, those counterclaims contend that INS acted unlawfully when it entered into a CEA participation agreement with an unaffiliated third party local exchange carrier (“LEC”), Great Lakes Communication Corporation (“Great Lakes”), and provided the indirect interconnection with AT&T and transport requested by Great Lakes. These counts do not state plausible claims against INS because the interconnection arrangement between Great Lakes and INS for delivering AT&T’s customers’ calls to Great Lakes’ customers is mandated by FCC, Iowa Utilities Board (“IUB”), and court decisions. Furthermore, INS does not have any legal right to control Great Lakes’ decision on how to route calls to Great Lakes’ customers. There is also no legal basis to hold INS responsible for Great Lakes’ decisions on Great Lakes’ network design and

call routing. Instead, the FCC and state regulatory decisions, as affirmed by the courts, that approved the CEA network uniformly grant LECs, such as Great Lakes, the right to determine how it will route calls to Great Lakes' customers, and whether Great Lakes will connect with AT&T directly or indirectly (via INS, CenturyLink, or some other intermediate carrier). AT&T's counts IV and VI are also barred by the Hobbs Act, 28 U.S.C. § 2342(1). Thus, as a matter of law, counts IV and VI of AT&T's counterclaims fail to state valid claims.

AT&T's counterclaims fail as a matter of law and should be dismissed. "[W]hen the allegations in a complaint, however true, could not raise a claim of entitlement to relief, this basic deficiency should...be exposed at the point of minimum expenditure of time and money by the parties and the court." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 558 (2007). At this stage of the litigation, AT&T's counterclaims can be resolved as pure questions of law, which will narrow the issues, reduce the complexity of this case, and facilitate settlement or a more efficient judicial resolution of the remaining issues.

STANDARD OF REVIEW

The purpose of a motion to dismiss under Fed. R. Civ. P. 12(b)(6) is to allow prompt and summary disposition of claims that can be resolved as a matter of law. Fed. R. Civ. P. 12(b)(6) provides that a court may dismiss a counterclaim "for failure to state a claim upon which relief can be granted."

The standards governing motions to dismiss are well established. AT&T's counterclaims should be dismissed if they fail to satisfy the plausibility standard established by the Supreme Court's decisions in *Bell Atlantic Corp. v. Twombly*, 550 U.S. at 555-556 and *Ashcroft v. Iqbal*, 556 U.S. 662, 678-680 (2009). Specifically, a counterclaim cannot solely rely upon bare-bones allegations or

conclusory statements, but must bring forth competent proof to "state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. at 678. Where counterclaims "do not permit the court to infer more than the mere possibility of misconduct," a counterclaim has not shown that the pleader is entitled to relief under Fed. R. Civ. P. 8 (a)(2). *Ashcroft v. Iqbal*, 556 U.S. at 679. A counterclaim must state "more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." *Twombly*, 550 U.S. at 555.

When assessing the sufficiency of a counterclaim, a court must distinguish factual contentions and "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements." *Iqbal*, 556 U.S. at 678. The Court need not accept as true AT&T's bald assertions, legal conclusions, or unwarranted factual inferences. *Santiago v. Warminster Twp.*, 629 F.3d 121, 128, 131 (3rd Cir. 2010). Nor does the Court have to accept as true a legal conclusion couched as a factual allegation. *Brusco v. Harleysville Ins. Co.*, 2014 U.S. Dist. LEXIS 86794 *4-*5 (D. N.J. 2014). When reviewing a Rule 12(b)(6) motion, a court considers "only the allegations in the complaint, exhibits attached to the complaint, matters of public record, and documents that form the basis of a claim." *Brusco v. Harleysville Ins. Co.*, 2014 U.S. Dist. LEXIS 86794 at *5.

In the 3rd Circuit, a three-part analysis is involved when reviewing the sufficiency of a counterclaim. *Santiago v. Warminster Twp.*, 629 F.3d 121 at 130. First, a court must "tak[e] note of the elements a plaintiff must plead to state a claim." *Id.* (quoting *Iqbal*, 556 U.S. at 675). Second, a court "should identify allegations that, because they are no more than conclusions, are not entitled to the assumption of truth." *Id.* at 131 (quoting *Iqbal*, 556 U.S. at 680). Lastly, a court should assume the veracity of any well-pleaded factual allegations and "then

determine whether they plausibly give rise to an entitlement for relief." *Id.* (quoting *Iqbal*, 556 U.S. at 680).

ARGUMENT

I. AT&T Cannot Lawfully Refuse To Pay The CEA Tariff Rates As A Means Of Re-litigating Interconnection And Routing Issues Decided Long Ago By Courts And Regulatory Agencies.

Count IV of AT&T's counterclaims alleges that INS has provided indirect interconnection with AT&T and transported calls to Great Lakes' end office as requested by Great Lakes in a CEA participation agreement.² AT&T prefers direct interconnection with Great Lakes.³ This counterclaim also contends that such alleged conduct, if undertaken by INS, would constitute an unjust and unreasonable practice that would violate section 201(b) of the Communications Act, 47 U.S.C. § 201(b).⁴ Related to count IV is count VI, where AT&T requests that the court issue a declaratory ruling that would preclude INS from transporting telephone calls pursuant to its CEA participation agreements with LECs. AT&T's counts IV and VI fail to state plausible claims because INS' current interconnection arrangements and CEA participation agreements are based on the public interest standards of 47 U.S.C. §§ 201(a) and 214(a), as they have been interpreted by the FCC and affirmed by the courts. Furthermore, these AT&T counterclaims are barred by the Hobbs Act, 28 U.S.C. § 2342(1), because they collaterally attack the FCC orders deciding that interconnection and transport,

² AT&T Answer at 69 [docket # 9].

³ *Id.* at 70.

⁴ *Id.*

pursuant to the CEA participation agreements with LECs, best serve the public interest standards of sections 201(a) and 214(a).

Section 201(b) provides, in relevant part:

All charges, practices, classifications, and regulations for and in connection with such communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is hereby declared to be unlawful.

47 U.S.C. § 201(b). The “reasonableness” standard in 47 U.S.C. § 201(b) is satisfied when interconnection and transport decisions are based on the public interest standards of 47 U.S.C. §§ 201(a) and 214(a). *Southern Pacific Communications Co. v. AT&T*, 740 F.2d 980, 1009 (D.C. Cir. 1984) (holding that “the ‘reasonableness’ component of this test requires...a reasonable basis in terms of concerns for the public interest that are concrete, articulable, and recognized as legitimate by the appropriate regulatory agencies”).

“The duty to provide interconnection with other carriers is governed by section 201(a).” *Id.* Section 201(a) provides:

It shall be the duty of every common carrier engaged in interstate or foreign communication by wire or radio to furnish such communication service upon reasonable request therefor; and, in accordance with the orders of the Commission, in cases where the Commission, after opportunity for hearing, finds such action necessary or desirable in the public interest, to establish physical connections with other carriers, to establish through routes and charges applicable thereto and the divisions of such charges, and to establish and provide facilities and regulations for operating such through routes.

Furthermore, section 214(a) requires a carrier to obtain an order from the FCC determining that “the present or future public convenience and necessity require or will require” the establishment of such through routes and physical connections with other carriers.

In April, 1987, pursuant to section 214, INS filed an application with the FCC proposing to bring the benefits of advanced communications services and competition to rural areas by constructing a CEA fiber optic network that would aggregate rural traffic for hundreds of rural local exchanges at INS' Des Moines tandem switch and centralize the provisioning of expensive features and functionalities. For the LECs that choose to participate in concentrating their rural traffic at INS' Des Moines tandem switch, the CEA network allows any communications service provider, like AT&T, to indirectly connect with all the participating LECs by connecting at INS' Des Moines tandem switch or several other convenient points of interconnection with the CEA network. INS charges a non-distance-sensitive transport rate, so that a communications service provider that indirectly connects with rural LECs via INS' Des Moines tandem switch would not be disadvantaged in comparison to a provider that connects to the CEA network at a location that is closer to the rural LEC. AT&T filed comments with the FCC as a party to the section 214 FCC proceeding, which evaluated the public interest benefits of the CEA network interconnection and transport proposed by INS.

After reviewing INS' plan for transport and interconnection with other carriers, the FCC adopted an order determining that "this kind of plan will serve the public interest, convenience and necessity." *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations*, 3 FCC Rcd. 1468, 1471 ¶¶ 21, 23 (1988) ("FCC 214 Order"), *aff'd on recon.*, 4 FCC Rcd 2201 (1989) ("FCC 214 Recon. Order"). Relevant to AT&T's counts IV and VI in this case, the FCC also considered during the section 214 proceeding Northwestern

Bell Telephone Company's ("NWB") objections to being required to indirectly interconnect with the CEA network and purchase transport from INS, rather than send calls over direct connections to the LECs. As the monopoly provider of short-haul long distance telephone service, NWB (now known as CenturyLink) already had connections to rural LECs and had no need of the CEA network.⁵ "NWB enjoyed a de facto monopoly in the realm of one-plus, intraLATA long distance calling." *Northwestern Bell Tel. Co. v. IUB*, 477 N.W.2d 678, 681 (Iowa 1991). Similarly, AT&T, as the monopoly provider of long-haul long distance telephone service already transported calls over NWB's facilities to reach the LECs and did not have a need to use the CEA network.⁶ "In the INAD⁷-member exchanges in Iowa, only AT&T offers interstate toll service." *FCC 214 Order*, 3 FCC Rcd. at 1468 ¶ 3. After considering these objections, the FCC held:

The second aspect of mandatory use concerns terminating toll traffic. INAD's proposal to require that terminating toll traffic use the Des Moines tandem would eliminate the possibility of competition in terminating interstate traffic, which NWB is capable of performing by routing calls from its own tandems direct to INAD exchanges. We do not believe that the mandatory termination requirement for interstate traffic is unreasonable or differs substantially from the normal way access is provided, as both an originating and terminating service by the local exchange company. Given the expected benefits of the network and the fact that independent companies are not subject to MFJ requirements that they allow the interexchange carrier to choose the point of connection, the requirement that terminating interstate traffic transit the Des Moines switch does not appear to be unlawful or unreasonable.

⁵ Short-haul long distance telephone service is also referred to as intraLATA toll.

⁶ Long-haul long distance telephone service is also referred to as interLATA toll.

⁷ INAD stands for Iowa Network Access Division, which is a division of Iowa Network Services, Inc.

FCC 214 Order, 3 FCC Rcd. at 1473 ¶ 33. And, after considering a petition for reconsideration also objecting to the mandatory transport of telephone calls over the CEA network, the FCC affirmed that “All toll traffic, both inter- and intra-state, is to transit the Des Moines switch for ticketing and billing.” *FCC 214 Recon. Order*, 4 FCC Rcd at 2201 ¶ 2. The FCC also amended its rules expressly exempting LECs from providing direct interconnection when calls placed to the LECs’ exchanges depend upon the CEA network for measurement and billing. 47 C.F.R. § 69.112(i). “The arguments in favor of, and opposed to, mandatory use of the system were given thorough consideration.” *FCC 214 Recon. Order*, 4 FCC Rcd at 2201 ¶ 6.

Following the filing of the initial CEA tariff with the FCC,⁸ AT&T filed a petition to suspend and investigate the CEA tariff. Relevant to AT&T’s counts IV and VI, section 8 of the CEA tariff lists the specific geographic locations where communications service providers, such as AT&T and CenturyLink, can indirectly interconnect via the CEA network with the LECs that have chosen to aggregate their traffic at the CEA tandem switch. A LEC’s telephone calls, which are homed upon the CEA network, are transported by INS and aggregated with the traffic of more than 150 other LECs. The name of each LEC that has elected to route its traffic via the CEA network is listed in section 9 of the CEA tariff, and those LECs are referred to as “Routing Exchange Carriers.”⁹ Specifically, Great Lakes is listed

⁸ The CEA tariff filed with the FCC is attached to the complaint. Complaint, Ex. B [docket # 1-2].

⁹ The CEA tariff defines a “Routing Exchange Carrier” as “the Exchange Telephone Company listed in Section 9...which routes calls to and from Iowa Network’s facilities.” INAD Tariff F.C.C. No. 1, § 2.6, 3rd rev. p. 63.

as a Routing Exchange Carrier in the CEA tariff.¹⁰ Section 8 of the CEA tariff also provides:

Centralized Equal Access Service is available to customers that interconnect with Iowa Network's facilities at either Iowa Network's central access tandem or another Iowa Network premises listed in this section on which the central offices of the Routing Exchange Carriers home their traffic.

Also relevant to AT&T's counts IV and VI in this case, section 6.7.7 of the CEA tariff states that "Customer traffic to and from end offices of the Routing Exchange Carriers set forth in Section 9 following will be measured (i.e., recorded) by Iowa Network at its central access tandem." After reviewing the CEA tariff, including the above tariff provisions, the FCC denied AT&T's petition to suspend and investigate the CEA tariff, and concluded: "We find that no compelling argument has been presented that the tariff filed by INAD is patently unlawful so as to require rejection or that the tariff warrants investigation at this time." *Iowa Network Access Division*, 4 FCC Rcd. 3947, 3948 ¶ 10 (1989).

The FCC conditioned its grant of a section 214 certificate to INS upon the adoption by the Iowa Utilities Board ("IUB") of a decision also approving interconnection with and mandatory transport over the CEA network. *FCC 214 Order*, 3 FCC Rcd. at 1474 ¶ 39. AT&T was a party to the IUB proceeding, which concluded:

One of the most hotly contested issues in these proceedings involved the question of whether the 135 participating companies will be permitted to route both their originating and terminating traffic through INS...A network to concentrate the toll traffic of so many local exchange companies could not operate effectively if the local exchange companies are not allowed to control the routing of their traffic. The participating telephone companies will be allowed to route their traffic pursuant to their participation agreement

¹⁰ INAD Tariff F.C.C. No. 1 § 9.1 at 3rd rev. p. 151.

with INS...It is reasonable that the participating telephone companies be allowed to route their toll traffic as they choose, in this case pursuant to the participation agreement, both before an originating call has been delivered by INS and after a terminating call has been delivered to INS.

Iowa Network Access Division, Docket No. RPU-88-2, 1988 Iowa PUC LEXIS 1 (1988). The IUB's decision was affirmed by the Iowa Supreme Court, which held:

The appellant, Northwestern Bell Telephone Company, seeks review of an Iowa Utilities Board (the board) decision approving the establishment, by Iowa Network Services (INS), of a fiber-optic network and modern switching system that will concentrate the long-distance traffic to and from 135 independent, rural Iowa telephone companies. Specifically, Northwestern Bell (NWB) objects to the exclusive use of the system to terminate all long-distance calls destined for customers of the participating telephone companies (hereinafter referred to as PTC's). The district court affirmed the board's decision, and we affirm the district court... Our review of the justifications offered by the board for its INS ruling lead us to conclude that the decision was eminently reasonable. The board first observed that the INS network is capable of providing bidirectional accessing services since the same lines and switch are used for both terminating and originating access. Given this structure as a fixed cost of operation, the board reasoned that, unless INS provided terminating access as well as originating access, all of the costs of operating the network would have to be recovered in the provision of originating access only. Such a result would frustrate one of the main goals of the INS system since the higher costs, which would be passed along to the interexchange utilities, would deter the entry of competition into the one-plus long-distance market. The board also noted that, if INS were not the exclusive provider of terminating access for the PTC's, this might jeopardize FCC approval of the INS network by materially affecting the ratio of interstate to intrastate usage of the system. In light of the foregoing rationales, it is not plausible to characterize the INS decision as unreasonable.

Northwestern Bell Tel. Co. v. IUB, 477 N.W.2d at 680, 684. The FCC also determined that the IUB's decision fully satisfied the condition it had imposed upon INS' section 214 certificate. *FCC 214 Recon. Order*, 4 FCC Rcd at 2201-2202.

The Hobbs Act precludes a district court from reviewing the correctness of an FCC decision. 28 U.S.C. § 2342(1) states, in relevant part: “The court of appeals (other than the United States Court of Appeals for the Federal Circuit) has exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of—(1) all final orders of the Federal Communications Commission.” AT&T cannot assert counterclaims that conflict with the FCC’s decisions approving indirect interconnection and exclusive transport via the CEA network. *FCC v. ITT World Communications, Inc.*, 466 U.S. 463, 468 (1984); *Self v. BellSouth Mobility, Inc.*, 700 F.3d 453, 461-462 (11th Cir. 2012).

As a consequence of the public interest standards upon which the CEA was based, the decision whether a communications service provider, such as AT&T, should directly connect with Great Lakes or indirectly connect via the CEA network solely lies with Great Lakes. Furthermore, according to 47 U.S.C. § 251(a)(1), Great Lakes has a choice of interconnecting with AT&T either directly or indirectly. Section 251(a)(1) provides that “Each telecommunications carrier has the duty--(1) to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers.” *WWC License, L.L.C. v. Boyle*, 459 F.3d 880, 892 (8th Cir. 2006) (holding that “the statutory provision that imposes the duty to interconnect networks expressly permits direct or indirect connections”). Moreover, INS is not liable or responsible for Great Lakes decision to connect with AT&T indirectly rather than directly. “Generally a carrier is responsible only for the services and facilities it provides to its customers, and not for those of a carrier with which it may be interconnected for through service.”

AT&T, 65 F.C.C.2d 624, 637 ¶ 35 (1977).¹¹ Furthermore, nothing in the Communications Act suggests that Congress intended to impose greater duties or liabilities upon INS as a result of Great Lakes exercising its choice of connecting indirectly with AT&T rather than directly. *WWC License, L.L.C. v. Boyle*, 459 F.3d at 892. Once Great Lakes, being the LEC, chose to connect with the CEA network, INS was obligated by its section 214 certificate and CEA tariffs to transport the calls between the facilities of AT&T and Great Lakes. INS is also prohibited from unilaterally disconnecting Great Lakes or blocking the transport of calls between AT&T and Great Lakes.¹²

Having set forth the legal framework governing counts IV and VI of AT&T's counterclaims, *Iqbal* directs that the next step is to identify allegations that, "because they are no more than conclusions, are not entitled to the assumption of truth." *Iqbal*, 556 U.S. at 680. AT&T alleges: that it is economically inefficient and unnecessary to use the CEA network;¹³ that transporting calls over the CEA network does not benefit AT&T or customers;¹⁴ that requiring AT&T to use the CEA network is unfair;¹⁵ that an increase in AT&T's costs is inconsistent with the *FCC 214 Order*;¹⁶ that use of the CEA network is contrary to *Connect America*

¹¹ The CEA tariff also exempts INS from any liability arising from interconnection decisions made by Great Lakes. Tariff F.C.C. No. 1, Sect. 2.1.3(B), 1st rev. p. 20 (stating that "Iowa Network shall not be liable for any act or omission of any other carrier").

¹² *Rural Call Completion*, 28 FCC Rcd 16154, 16158 ¶ 7 (2013).

¹³ AT&T's Answer at 51-52, 61, 64, 69.

¹⁴ AT&T's Answer at 64, 70.

¹⁵ AT&T's Answer at 64.

¹⁶ AT&T's Answer at 70.

Fund, 26 FCC Rcd 17663, 18028 ¶ 973 (2011) (“*FCC’s USF/ICC Order*”)¹⁷ that interconnection with the CEA network is forcing AT&T to pay much more than the charges that would be billed by CenturyLink;¹⁸ that use of the CEA network no longer results in lower costs for long distance carriers;¹⁹ that INS has refused to allow or provide more efficient transport arrangements;²⁰ that INS’ actions are unlawful, unjust, and unreasonable;²¹ that the CEA participation agreement between INS and Great Lakes is unjust and unreasonable;²² and that AT&T has been damaged.²³ AT&T’s count VI also contends that industry practices confirm that there is no requirement that calls to Great Lakes be transported exclusively over the CEA network when Great Lakes chooses to enter into a CEA participation agreement with INS for such indirect interconnection and transport.²⁴ Furthermore, AT&T alleges that transporting Great Lakes’ calls exclusively over the CEA network, when Great Lakes has chosen to interconnect with the CEA network, is inconsistent with the purpose of CEA and the Communications Act.²⁵ As naked assertions, conclusory statements, or legal conclusions couched as bare-bones factual allegations, none of these AT&T assertions deserve an assumption of truth. *Iqbal*, 556 U.S. at 678, 680.

¹⁷ AT&T’s Answer at 51, 64, 70.

¹⁸ AT&T’s Answer at 51, 61, 63-64, 70.

¹⁹ AT&T’s Answer at 62, 64.

²⁰ AT&T’s Answer at 51.

²¹ AT&T’s Answer at 52, 61.

²² AT&T’s Answer at 64.

²³ AT&T’s Answer at 70.

²⁴ AT&T’s Answer at 65, 71.

²⁵ *Id.*

The remaining factual assertions are as follows. LECs, such as Great Lakes, have a competitive choice of access tandems and transport facilities for routing telephone calls to the LECs' end offices. During INS' section 214 proceeding at the FCC, NWB (which is now CenturyLink) proposed NWB's transport facilities as an alternative to CEA, and now in this case, AT&T confirms that several LECs have chosen to route calls over CenturyLink's transport facilities in lieu of the CEA network.²⁶ When given this choice, Great Lakes voluntarily entered into a participation agreement with INS selecting an indirect interconnect with AT&T via the CEA network. INS provided Great Lakes with the indirect interconnection with AT&T and transport that Great Lakes requested in its CEA participation agreement. In addition, INS provides Great Lakes with measurement and billing capabilities at the CEA central tandem location where Great Lakes' traffic is aggregated with the traffic of other LECs. INS has billed AT&T the CEA tariff rates for transporting calls to Great Lakes' facilities. The transport rate that INS billed AT&T is non-distance sensitive, so that AT&T pays the same rate regardless of how far INS must transport the calls to reach the LEC's facilities. INS has not attempted to block or interfere with the transport of calls or indirect interconnection with AT&T that Great Lakes requested.

When all reasonable factual assertions made by AT&T are assumed correct, and all reasonable factual inferences in favor of AT&T are granted, no legal basis supports counts IV and VI of AT&T's counterclaims. In order to prevail on its claims, AT&T must establish that Great Lakes' indirect interconnection and transport via the CEA network is unlawful, which would mean that the FCC's orders approving that interconnection and transport arrangement are wrong and

²⁶ AT&T's Answer at 65, 71.

invalid. Therefore, the gravamen of AT&T's counterclaims is a request that this Court order different interconnection and transport arrangements than those adopted by the FCC for CEA service in the *FCC 214 Order*, a result barred by the Hobbs Act, 28 U.S.C. § 2342(1).

AT&T essentially raises the same issues and makes the same arguments that NWB did during the INS section 214 proceeding, which were thoroughly considered and rejected by the FCC. When the CEA network was initially proposed, AT&T did not need the CEA network and would only incur additional costs to use the CEA network because AT&T was the monopoly long-haul long distance carrier already connected to the rural LECs via the access tandem switches and transport provided by NWB (now known as CenturyLink). The *FCC 214 Order* held:

INAD's plan, of course, will generate additional costs, but on the whole we find it will serve the public convenience and necessity, given the alternatives before us... INAD's proposed network has the potential for implementing in rural Iowa the important Commission goal of making available more competitive, varied, high quality interstate services. Although the network INAD would lease will increase the cost of access, we judge that the benefits of added competition should outweigh these costs, especially in view of the comprehensive coverage of the network.

FCC 214 Order ¶¶ 23, 38. Again in this case, AT&T argues that it does not need the CEA network and wants this Court to order a return to the pre-CEA arrangement of using CenturyLink's transport facilities. Such a ruling by this Court would directly conflict with the holding in the *FCC 214 Order*, which found that the additional costs that the CEA network would impose upon AT&T were justified by the new choice of modern communications service offerings from AT&T's competitors that would be made available to rural consumers by concentrating the traffic of all LECs that elect to enter into a CEA participation

agreement. *FCC 214 Order* ¶¶ 4, 11, 13, 21, 23, 28, 31, 33, and 38. AT&T's counts IV and VI are barred by the Hobbs Act and should be dismissed because they ask this Court to outlaw INS' actions that are the outcome of final FCC orders.

Assuming *arguendo* that the Hobbs Act was not a complete bar to counts IV and VI, those AT&T counterclaims would still not state plausible claims because the CEA transport and interconnection arrangements are based upon the public interest standards of 47 U.S.C. §§ 201(a) and 214(a), as they have been interpreted by the FCC in the *FCC 214 Order*, and therefore satisfy the "reasonableness" requirement of 47 U.S.C. § 201(b). The *FCC 214 Order* determined that it would serve the public interest to foster competition with AT&T and increase the availability in rural America of "more competitive, varied, high quality" communications services if the CEA network exclusively transported and aggregated the traffic of LECs that have elected to interconnect with the CEA network and enter into participation agreements with INS. Therefore, it is eminently reasonable for INS to further those public interest goals by entering into a participation agreement with Great Lakes, and providing an indirect interconnection arrangement that transports calls between the facilities of Great Lakes and AT&T. What would be an unreasonable practice would be for INS to refuse CEA interconnection and transport to Great Lakes and thereby thwart the public interest objectives of the *FCC 214 Order*. *Global Crossing Tel., Inc. v. Metrophones Tel., Inc.*, 550 U.S. 45, 55, 63 (2007) (holding that a carrier's failure to comply with an FCC decision governing the obligations of multiple entities involved in the carriage of a long distance call is a practice that is unreasonable under section 201(b)). As INS cannot be said to have engaged in an unreasonable

practice by acting in accord with the public interest standards of the *FCC 214 Order*, INS has not violated section 201(b) and AT&T's counts IV and VI should be dismissed.

II. Counts I, II, III, and V of AT&T's Counterclaims Fail to State Valid Causes of Action Because They Are Barred by the Communications Act and Conflict with the Lawful Tariff Rates That Are Currently Effective.

Counts I, II, III, and V of AT&T's counterclaims allege that the lawful and effective tariff rates for the CEA service that INS provided to AT&T are unjust and unreasonable, invalid, and that INS allegedly violated 47 U.S.C. §§ 201(b) and 203 by billing the CEA tariff rates. AT&T's counts I, II, and V also contend that the *FCC's USF/ICC Order* required INS to cap the interstate CEA tariff rates and reduce the intrastate CEA tariff rates. AT&T's counterclaims fail to allege a cognizable claim because the *FCC's USF/ICC Order* did not address rates for CEA service and, notwithstanding the *FCC's USF/ICC Order*, the currently effective CEA tariff rates remain lawful by statute and therefore just and reasonable as a matter of law.

All common carriers providing telecommunications services, including AT&T and INS, have a statutory duty to establish a physical connection with other telecommunications service providers and "to establish through routes and charges applicable thereto and the divisions of such charges." 47 U.S.C. § 201(a). The CEA network provides a "through route" between AT&T's long distance telephone network and the networks of other carriers, such as LECs that provide local telephone service. The CEA tariffs contain the rates for the through route that INS' network provided (and continues to provide) to AT&T, and AT&T has an obligation under section 201(a) to divide or share with INS the charges that AT&T collects from its customers. 47 U.S.C. § 203(e) establishes a fine of \$6,000

payable to the U.S. Treasury for any failure to properly file a tariff rate with the FCC. However, because the Communications Act does not authorize a total forfeiture, “a purchaser of telecommunications services is not absolved from paying for services rendered solely because the services furnished were not properly tarified.” *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d 651, 656 (3rd Cir. 2003).

Unless the FCC adopts an order requiring detariffing, 47 U.S.C. § 203(a) requires “[e]very common carrier” to file a tariff, not just LECs as AT&T suggests. Furthermore, the tariff filing and cost support requirements of 47 C.F.R. § 61.38 are not limited to LECs, but apply to “dominant carriers.”²⁷ As a dominant carrier, INS is prohibited by 47 U.S.C. § 203(c) from billing AT&T a rate for CEA service that differs from the currently effective tariff rate. *AT&T v. Central Office Telephone, Inc.*, 524 U.S. 214, 222 (1998). “The policy of non-discriminatory rates is violated when similarly situated customers pay different rates for the same services.” *Id.* at 223. The Nebraska and Iowa state legislatures have enacted similar state laws. Neb. Rev. Stat. § 75-126 (1)(e); Iowa Code § 476.5. A tariff rate is “effective” and “procedurally valid” when “it has been filed with the Commission” and “the Commission has allowed it to take effect.” *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d 666, 669 (D.C. Cir. 2006). The failure of a common carrier, such as INS, to bill and collect the tariff rates is punishable by criminal prosecution or the payment of civil fines. 47 U.S.C. §§ 203 (e) and 501.

47 U.S.C. § 201(b) requires charges to be “just and reasonable.” The “just and reasonable” standard has been the subject of considerable regulatory attention

²⁷ The parties both agree that INS is classified as a dominant common carrier that provides CEA service.

and of many court decisions. The just and reasonable rates required by Sections 201 must ordinarily be cost-based, absent a valid justification for any rate differential that does not reflect cost.²⁸ Furthermore, under the “end result” test, a rate is “just and reasonable” only if it generates revenue “sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.” *Jersey Central Power & Light Co. v. Fed. Energy Reg. Comm’n*, 810 F.2d 1168, 1176 (D.C. Cir. 1987), quoting *FPC v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944). The FCC cannot summarily declare an effective tariff rate to be unlawful. *Associated Press v. FCC*, 448 F.2d 1095, 1104 (D.C. Cir. 1971) (holding that “The Commission has no authority to reject rates summarily on the ground that they are unlawfully high”). “In analyzing the reasonableness of a tariff, the Commission looks at, among other things, the reasonableness of a carrier’s investment, depreciation, operating costs, and rate of return.” *General Tel. Co. of Penn.*, 69 F.C.C.2d 490, 493 ¶ 14 (1978).

The 1996 amendments to the Communications Act significantly modified the procedures for reviewing tariff rates for telecommunications services and the standard for establishing a claim that a tariff rate is “unjust and unreasonable” or “unlawful.”²⁹ The Telecommunications Act of 1996 added section 204(a)(3), which provides, in relevant part that:

²⁸ See e.g., *Competitive Telecomms. Ass’n v. FCC*, 87 F.3d 522, 529 (D.C. Cir. 1996); *MCI Telecomms. Corp. v. FCC*, 675 F.2d 408, 410 (D.C. Cir. 1982).

²⁹ *ACS of Anchorage, Inc. v. FCC*, 290 F.3d 403, 411 (D.C. Cir. 2002) (holding that “As the Commission emphatically recognized, § 204(a)(3) effected a considerable change in the regulatory regime: before, tariffs that became effective without suspension or investigation were only legal (not conclusively lawful), and thereby remained subject to refund remedies”).

Any such charge, classification, regulation, or practice shall be deemed lawful and shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date on which it is filed with the Commission unless the Commission takes action under paragraph (1) before the end of that 7-day or 15-day period, as is appropriate.

47 U.S.C. § 204(a)(3). If the FCC does not suspend the effective date of the filed tariff rate under Section 204(a)(1) during the 15 day statutory period, the tariff rate “shall be effective” and is made by section 204(a)(3) a lawful rate. Therefore, it is by statute [section 204(a)(3)], rather than by an FCC order, that the tariff rate is made the lawful rate. In contrast, prior to enactment of section 204(a)(3), “the legal rate was not made by the statute a lawful rate – it was lawful only if it was reasonable.” *Arizona Grocery Co. v. Atchison, Topeka & Santa Fe Railway Co.*, 284 U.S. 370, 384 (1932). Furthermore, a tariff rate that is filed pursuant to section 204(a)(3) will remain lawful by statute for so long as that tariff rate remains effective. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 (holding that a “tariff that takes effect without prior suspension or investigation is conclusively presumed to be reasonable and thus, a lawful tariff during the period that the tariff remains in effect”).

Rates and other terms contained in a lawful tariff are “just and reasonable” as a matter of law. *Id.* Given that 47 U.S.C. § 201(b) only prohibits unreasonable or unlawful tariff rates, the tariff rates made lawful by section 204(a)(3) cannot violate Section 201(b). The Supreme Court has also emphasized that “We have never held that a carrier’s unreasonable practice justifies departure from the filed tariff schedule.” *Maislin Industries, U.S., Inc. v. Primary Steel, Inc.*, 497 U.S. 116, 129 (1990). Furthermore, a customer’s claim, however disguised, seeking relief in court from an injury allegedly caused by the payment of a lawful tariff rate is an improper judicial attack upon the tariff. *AT&T v. Central Office Telephone, Inc.*,

524 U.S. at 227. Claims seeking to pay less than the lawful tariff rate for services rendered in the past are barred as a matter of law by the federal and state statutes discussed *supra*. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 656. Those statutes also prohibit a customer from obtaining a preferential (less than tariff) rate for service via accusations of unreasonable practices, fraud, willful misconduct, or some other tort. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d 525, 532 (3rd Cir. 2006), *quoting AT&T v. Central Office Telephone, Inc.*, 524 U.S. at 227-228 (“[r]espondent can no more obtain unlawful preferences under the cloak of a tort claim than it can by contract”).

A rate that is made lawful by statute [section 204(a)(3)] remains lawful so long as it is contained in the tariff on file with the FCC, even though the tariff rate may result in overearnings in violation of an FCC order. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 671, 673. The FCC lacks the statutory authority to award refunds and retroactively declare unlawful the tariff rate that is made by statute [section 204(a)(3)] the lawful rate. *Id.* (holding that the remedy for overearnings due to a violation of an FCC order is a prospective change to the rate, rather than a retroactive refund, when a tariff rate is made lawful by section 204(a)(3)). A tariff rate can be retroactively stripped of its lawful status and rendered *void ab initio* only when the FCC has expressly made “mandatory detariffing a retroactive punishment.” *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 712 F. Supp. 2d 405, 421 (E.D. Pa. 2010), *appeal withdrawn*, No. 11-2268 (3rd Cir. 2012). Therefore, “[r]emedies against carriers charging lawful rates later found unreasonable must be prospective only.” *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669.

Having identified the legal elements of AT&T's counterclaim alleging "unjust and unreasonable" rates, *Iqbal* directs that the next step is to identify allegations that, "because they are no more than conclusions, are not entitled to the assumption of truth." *Iqbal*, 556 U.S. at 680. AT&T alleges that the CEA tariff rates are unjust and unreasonable, that they are unlawful, and that they violate 47 U.S.C. § 201(b), and that INS violated 47 U.S.C. § 203 by billing the CEA tariff rates.³⁰ Other bare-bones legal conclusions asserted by AT&T include allegations that INS is an incumbent LEC or a competitive LEC, and that the CEA tariff rates are not effective or deemed lawful under 47 U.S.C. § 204(a)(3).³¹ AT&T also alleges that the CEA tariff rates are subject to the rate caps adopted in the *FCC's USF/ICC Order*,³² and that the CEA tariff rates exceed the rate caps adopted in the *FCC's USF/ICC Order*.³³ If INS is not classified as a LEC, AT&T further contends that INS is not authorized to file a tariff.³⁴ As "naked assertions devoid of further factual enhancement" and "threadbare recitals of the elements of a cause of action, supported by mere conclusory statements," none of these AT&T allegations deserve an assumption of truth. *Iqbal*, 556 U.S. at 678. AT&T's counterclaims also include implausible speculation that INS is involved in access stimulation via an access stimulation agreement.³⁵ Allegations that an access stimulation agreement exists (which in fact it does not) fail to state a plausible claim when, as here, the counterclaim fails to supply sufficient facts, such as the

³⁰ AT&T Answer at 39, 67-68.

³¹ AT&T Answer at 39, 55-56, 66, 68.

³² AT&T Answer at 38, 51-52, 56, 66.

³³ AT&T Answer at 38, 52-53, 56, 66-67.

³⁴ AT&T Answer at 69.

³⁵ AT&T Answer at 40-41, 61.

“specific time, place, or person involved in” the access stimulation agreement and “which of their employees supposedly agreed” to the alleged access stimulation agreement. *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 565 (2007).³⁶

Other than the conclusory allegations just discussed, the remaining allegations are as follows. AT&T received CEA service provided by INS, but has not fully paid the CEA tariff rates.³⁷ AT&T received payment from AT&T’s customers who placed calls that were carried by INS’ CEA network.³⁸ AT&T’s collection of such charges could therefore have been divided with INS in accordance with 47 U.S.C. § 201(a). The rates for INS’ CEA service are set forth in CEA tariffs filed with the FCC and state regulatory authorities.³⁹ INS filed a revision to its tariff with the FCC on June 17, 2013, proposing a small increase in the price of CEA service to \$0.00896 per minute.⁴⁰ INS followed the procedures established by 47 U.S.C. § 204 (a)(3) when it filed this tariff rate revision with the FCC.⁴¹ The tariff filing is attached as exhibit H to the Complaint. (docket # 1-7).

³⁶ The purpose of the FCC’s rebuttable presumption regarding the alleged existence of an access stimulation agreement is limited to the FCC’s regulatory processes. The FCC did not alter the basic requirements for pleading in court sufficient facts in order to state a plausible claim.

³⁷ AT&T Answer at 7-10, 12, 27.

³⁸ AT&T Answer at 13.

³⁹ AT&T Answer at 10-11, 16, 34.

⁴⁰ AT&T Answer at 20. In at least two places, AT&T’s Answer misstates the CEA tariff rates. AT&T Answer at 47, 53. It appears that AT&T made a typographical error in the placement of the decimal point. The currently effective CEA tariff rate is only \$0.00896, not \$0.0896. *See* INAD Tariff F.C.C. No. 1 at 12th rev. p. 145 [docket # 1-2]. Furthermore, the CEA tariff rate that was in effect on December 29, 2011 was \$0.008190, not \$0.08190. Historical CEA tariff pages are attached as exhibit 1, and can be found as a matter of public record at <https://apps.fcc.gov/etfs/public/tariff.action?idTariff=28>.

⁴¹ AT&T Answer at 20.

As required by FCC Rule 61.38,⁴² INS also filed with the FCC on June 17, 2013, cost and usage data supporting the increase in the CEA tariff rate.⁴³ As justification for the rate increase, the cost support described the increase in INS' transport costs, the additional mileage that INS is transmitting calls for long distance telephone companies (like AT&T), and the historical trend in declining traffic volumes. On June 16, 2014, INS filed additional cost data with the FCC showing that the currently effective CEA tariff rate is resulting in a negative annual rate of return for INS of -202.18 percent.⁴⁴

AT&T did not file a petition or complaint at the FCC regarding the increase in the CEA tariff rate during the 15 day filing window established by 47 U.S.C. § 204 (a)(3).⁴⁵ As the CEA tariff rate increase was electronically filed with the FCC on June 17, 2013, AT&T had an opportunity to review the tariff filing on the FCC's website before it became effective on July 2, 2013. The FCC also issued a Public Notice regarding the CEA tariff rate increase. Public Notice, 2013 FCC LEXIS 2905.

During the 15 day statutory period, the FCC did not initiate a Section 204(a)(1) hearing concerning the lawfulness of the CEA tariff rate increase. The parties agree that the FCC neither investigated nor suspended the CEA tariff rates.⁴⁶ Because the FCC did not suspend the effective date of the tariff filing, the

⁴² 47 C.F.R. § 61.38.

⁴³ AT&T Answer at 21.

⁴⁴ INS Description and Justification at 1. INS' June 16, 2014 FCC filing is attached as exhibit 2 and can be found as a matter of public record at <https://apps.fcc.gov/etfs/public/result.action?d-49216-p=51>.

⁴⁵ AT&T Answer at 21.

⁴⁶ AT&T Answer at 17, 20.

CEA tariff rate increase became effective July 2, 2013. 47 U.S.C. § 204(a)(3) (stating that tariff rates “shall be effective...unless the Commission takes action”). AT&T fully paid the CEA tariff rates prior to INS’ September, 2013 invoice.⁴⁷ On November 8, 2013 and February 28, 2014, Jack Habiak, an AT&T employee, sent e-mails to INS stating that AT&T will not pay the CEA tariff rates because AT&T believes the currently effective tariff rates are too high.⁴⁸ Those e-mails are attached as exhibits E and F to the Complaint. [docket # 1-7]. Despite AT&T’s displeasure with paying the tariff rates, AT&T has never requested that INS discontinue providing CEA service to AT&T.⁴⁹

This is not a case involving procedural errors in filing the CEA tariffs or mathematical mistakes in how the CEA tariff rates or INS’ bills were calculated. There is no dispute that INS followed the proper filing procedures and that the CEA tariff rates are on file with the FCC and state regulatory authorities. This is also not a case where INS has billed rates that differ from the CEA tariff rates.

When all reasonable factual assertions made by AT&T are assumed correct, and all reasonable factual inferences in favor of AT&T are granted, no legal basis supports counts I, II, III, and V of AT&T’s counterclaims. The straight-forward application of federal and state statutes requires dismissal of AT&T’s claims in counts I, II, III, and V.

As an initial matter, AT&T’s count III does not state a valid claim because it directly conflicts with the plain language of 47 U.S.C. § 203(a) and 47 C.F.R. § 61.38. With respect to the CEA tariff which has been on file with the FCC for

⁴⁷ AT&T Answer at 11-12.

⁴⁸ AT&T Answer at 14.

⁴⁹ AT&T Answer at 14.

more than 26 years,⁵⁰ AT&T's count III alleges that INS is not authorized to have filed that tariff and should not receive any compensation for the CEA service provided to AT&T, unless INS is classified as a LEC. AT&T's allegation in count III that INS "has no basis for recovery" is contrary to 3rd Circuit precedent rejecting such total forfeitures and requiring compensation for services rendered despite the absence of a valid tariff. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 656. However, INS' tariff on file with the FCC is valid because the tariff filing requirements established by section 203(a) and FCC rule 61.38 are not limited to LECs. Section 203(a) states that "[e]very common carrier" shall file a tariff. AT&T admits that the FCC has classified INS as a dominant common carrier, and that 47 C.F.R. § 61.38 requires dominant carriers to file tariffs. Furthermore, the CEA service provided by INS to AT&T has not been detariffed by the FCC. Therefore, INS is not only authorized, but required, by section 203(a) and FCC rule 61.38 to file a tariff with the FCC as a dominant common carrier, regardless of whether or not INS is classified as a LEC.

As the FCC did not suspend the tariff rates or conduct a Section 204 (a)(1) hearing, the CEA tariff rate became effective and is the lawful –that is, reasonable – rate for interstate service provided in the past. Both parties agree that the FCC did not suspend or investigate the CEA tariff rate. Therefore, the CEA tariff rate became effective and was made the lawful rate by 47 U.S.C. § 204(a)(3). With respect to intrastate CEA service, state statutes, Neb. Rev. Stat. § 75-126 (1)(e) and Iowa Code § 476.5, require payment of the rates in the CEA state tariffs for intrastate service provided in the past. Therefore, for the services and through

⁵⁰ INS' initial CEA tariff was filed with the FCC on August 10, 1988. *Iowa Network Access Division; Tariff F.C.C. No. 1*, 4 FCC Rcd 3947 ¶ 1 (1989).

route that INS has already provided to AT&T in the past, the only rate that this Court can award is the tariff rate. *American Telephone and Telegraph Co. v. Central Office Telephone, Inc.*, 524 U.S. at 222.

AT&T's judicial challenge in counts I, II, III, and V to lawful CEA tariff rates does not state a valid cause of action. With respect to CEA service provided in the past, the Communications Act does not authorize the FCC or a court to retroactively condemn as unlawful, the tariff rate previously established as reasonable and lawful by 47 U.S.C. § 204 (a)(3), when the FCC permits that tariff rate to go into force and become effective. Because counts I, II, III, and V seek to pay less than the currently effective tariff rate for CEA service provided in the past, they are barred as a matter of law. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 656. Therefore, in challenging the validity of the currently effective CEA tariff rates, counts I, II, III, and V of AT&T's counterclaims must be dismissed for failure to plead actionable violations of law.

AT&T's counterclaims boil down to a single legal question of statutory construction: Is a tariff rate that is allegedly higher than an FCC rate cap made lawful by 47 U.S.C. § 204(a)(3) when it is filed but not suspended by the FCC? The answer is clearly "yes," as Congress made no exceptions to the lawfulness of a tariff rate that the FCC permits to become effective pursuant to section 204(a)(3). AT&T did not contest INS' tariff filing during the 15 day statutory period established by section 204(a)(3), and the FCC did not suspend the effective date of the tariff rate before the end of that 15 day statutory period. The 15 day statutory period established by section 204(a)(3) would be superfluous, and the statutory term, "lawful," would be rendered meaningless, if the FCC could suspend the effective date of a tariff rate outside the 15 day statutory period. Therefore, it is

not surprising that other courts have rejected the same argument made by AT&T in this case.

For example, nearly an identical argument was considered in this circuit in *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 784 F.Supp. 2d 542, 545 (E.D. Pa. 2011), *appeal withdrawn*, No. 11-2268 (3rd Cir. 2012), where Verizon argued that Paetec's tariff rates did not become effective and were not made lawful by section 204(a)(3), when Paetec filed tariff rates that were above the rate caps prescribed by an FCC order. That court held in relevant part:

[W]e now hold that PAETEC's SWAS-DC rates, although being either unreasonable or above the Benchmark (or both) between August 2, 2006 and December 24, 2008, are nevertheless protected by their "deemed lawful" status under § 204(a)(3), and therefore Verizon is not entitled to a refund for PAETEC's SWAS-DC charges during that time.

Id. at 547. Furthermore, the D.C. Circuit has twice held that a section 204(a)(3) tariff rate that is not suspended by the FCC is lawful and a "conclusive bar to refunds," even though the tariff rate is filed in violation of an FCC order prescribing a maximum rate of return. *ACS of Anchorage, Inc. v. FCC*, 290 F.3d at 412; *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669-670. In *dicta*, the D.C. Circuit noted that only extreme circumstances, such as accounting fraud, could justify retroactively nullifying the lawfulness of a section 204(a)(3) tariff rate. *ACS of Anchorage, Inc. v. FCC*, 290 F.3d at 413. No such misconduct is present in this case. Therefore, the CEA tariff rates should be treated as lawful, as Congress intended when it enacted section 204(a)(3).

Because, for services already rendered, INS billed AT&T the lawful tariff rates currently in effect, this Court need not address AT&T's interpretation of the *FCC's USF/ICC Order*, and this Court's consideration of counts I, II, III, and V of AT&T's counterclaims could end here. "Since § 204(a)(3) deems ... rates to be

lawful, the inquiry ends.” *ACS of Anchorage, Inc. v. FCC*, 290 F.3d at 412. Regardless of how the *FCC’s USF/ICC Order* is interpreted, AT&T must pay the CEA tariff rates because they are “lawful,” as a matter of substantive statutory law. Even if AT&T is correct in alleging that the CEA tariff rates are too high (which they clearly are not), AT&T is still required to pay the CEA tariff rates so long as they remain effective, because the currently effective rates are the lawful rates for services previously provided. A tariff can be retroactively stripped of its lawful status and rendered *void ab initio* only when the FCC has expressly made “mandatory detariffing a retroactive punishment.” *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 712 F. Supp. 2d at 421. The *FCC’s USF/ICC Order* not only did not adopt such a retroactive punishment detariffing CEA service, the *FCC’s USF/ICC Order* did not address CEA tariff rates at all.

The *FCC’s USF/ICC Order* only addressed access tariff rates reductions for LECs that provide local exchange service to end user consumers and businesses, who the LECs can charge higher rates, to offset the lower access tariff rates charged carriers, such as AT&T. The LECs’ ability to earn additional revenue from end users was critical to the FCC’s analysis of whether LECs would continue to earn the constitutionally-required return on regulated investment after reducing the tariff rates they charged AT&T. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17997 ¶ 924. By contrast, CEA service cannot earn additional revenue from end users because CEA service is not provided to end users. The 5th Amendment of the Constitution requires an agency to conduct a hearing and apply the “end result” standard to ensure that an agency-prescribed rate for regulated service does not have unjust and unreasonable consequences. *Jersey Central Power & Light Co. v. Federal Energy Regulatory Commission*, 810 F.2d at 177-1178; *see also, Farmers*

Union Livestock Commission v. Union Pacific Railroad Co., 283 N.W. 498, 505 (Neb. 1939) (holding that the retroactive taking of a lawful rate in a Nebraska tariff is unconstitutional).

The *FCC's USF/ICC Order* made no findings about CEA tariff rates and did not consider what would be the “end result” of reducing the CEA tariff rates or the financial impact on INS. “[A] court reviewing rate orders must assure itself both that each of the order’s essential elements is supported by substantial evidence and that the order may reasonably be expected to maintain financial integrity, attract necessary capital, and fairly compensate investors for the risks they have assumed.” *Jersey Central Power & Light Co. v. Federal Energy Regulatory Commission*, 810 F.2d at 1177. The *FCC's USF/ICC Order* did not consider INS’ “investment, depreciation, operating costs, and rate of return,” upon which the analysis of the reasonableness of a tariff rate is typically based. *General Tel. Co. of Penn.*, 69 F.C.C. 2d at 493 ¶ 14. Moreover, the *FCC's USF/ICC Order* did not consider the impact on INS of the annual negative rate of return of -202.18 percent, which is the “end result” of the currently effective CEA tariff rates.⁵¹ Given the complete absence of any factual findings in the *FCC's USF/ICC Order* analyzing the reasonableness of the CEA tariff rates, it is implausible that the *FCC's USF/ICC Order* applies to those tariff rates.

Rather than address CEA, the primary focus of the *FCC's USF/ICC Order* was on LECs that provide local exchange service (also referred to as telephone exchange service or local telephone service) to end users. Because CEA service does not provide local exchange service to end users, INS is not a LEC for which

⁵¹ INS Description and Justification at 1, attached as exhibit 2 and found as a matter of record at <https://apps.fcc.gov/etfs/public/result.action?d-49216-p=51>.

the *FCC's USF/ICC Order* required tariff rate reductions. AT&T does not contend that INS provides local exchange service. Local exchange service is defined as “telephone service furnished between customers or users located within an exchange area.” 199 Iowa Admin. Code 22.1(3). INS does not provide CEA service to end users. Therefore, it cannot be said that CEA service provides local telephone service between INS end users located within the same local exchange area. Instead, INS serves as an intermediate carrier transmitting calls between AT&T's network and exchanges served by third party LECs. Furthermore, CEA service is provided and billed to carriers, such as AT&T (not end users).

The *FCC's USF/ICC Order* also does not apply to the functions performed by CEA service. The focus of the *FCC's USF/ICC Order* is the originating access service and terminating access service provided by LECs to the LECs' end office switches. CEA service does not originate or terminate calls. Instead, CEA service is an intermediate service carrying the traffic on the route between LECs and long distance telephone companies. As CEA service does not originate or terminate traffic to end offices, it does not provide the originating and terminating access services subject to the *FCC's USF/ICC Order*.

While INS may qualify as a LEC under broader definitions, the rate caps in the *FCC's USF/ICC Order* adopted very specific definitions which exclude INS from their scope. The *FCC's USF/ICC Order* adopted FCC Rules 51.907, 51.909, and 51.911, which provide for rate reductions for only three types of narrowly-defined LECs: “Price Cap Carrier,” “Rate-of-Return Carrier,” and “Competitive Local Exchange Carrier.” 47 C.F.R. §§ 51.907, 51.909, and 51.911. By capitalizing these three terms, these FCC rules incorporate a definition of LEC that is tailored to these specific rules and which may be narrower than how the term,

“LEC,” is used elsewhere. As INS is not classified as a LEC by these specific LEC definitions, these rules do not call for reductions in the CEA tariff rates.

INS is not a “Price Cap Carrier” because INS is not a LEC subject to price cap regulation pursuant to 47 C.F.R. §§ 61.41 through 61.49. AT&T admits that INS is not a “Price Cap Carrier.”⁵² Therefore, the tariff rate reductions for “Price Cap Carriers” described in FCC Rule 51.907 are inapplicable to CEA service.

Because INS is not an incumbent local exchange carrier, INS is also not a “Rate-of-Return Carrier,” which is defined as “any incumbent local exchange carrier not subject to price cap regulation.” 47 C.F.R. § 51.903(g). In trying to label INS as a “Rate-of-Return Carrier,” AT&T ignores the prerequisite in rule 51.903(g) that to be a “Rate-of-Return Carrier,” a carrier must also be an incumbent local exchange carrier. Two factors must be met in order to qualify as an incumbent local exchange carrier: (1) the LEC must have provided telephone exchange service (commonly referred to as local telephone service) on February 8, 1996 and (2) the LEC must have been a member of the National Exchange Carrier Association (“NECA”) on February 8, 1996. 47 U.S.C. § 251(h). INS does not satisfy either factor, and AT&T does not allege that INS does. Furthermore, INS has never been granted a certificate of public convenience and necessity to provide telephone exchange service. An incumbent local exchange carrier is “a utility, or successor to such utility, that was the historical provider of local exchange service pursuant to an authorized certificate of public convenience and necessity.” 199 Iowa Admin. Code 22.1(3). *See also, Iowa Network Services, Inc.*, Docket No. SPU-06-12, 2006 Iowa PUC LEXIS 420 *5 (2006) (holding that INS is not an incumbent local exchange carrier). While INS’ rates are subject to rate of return

⁵² AT&T Answer at 25.

regulation, INS does not satisfy the definition of an incumbent local exchange carrier, and therefore, also does not satisfy the narrow definition of “Rate-of-Return Carrier” set forth in 47 C.F.R. § 51.903(g). As not fitting the rule’s narrow definition of a “Rate-of-Return Carrier,” INS cannot be subject to the rate caps in 47 C.F.R. § 51.909 only applicable to a “Rate-of-Return Carrier,” as so narrowly defined.

Furthermore, to ensure that “Rate-of-Return Carriers” would be able to earn the constitutionally-required minimum return on regulated investment, the FCC permitted “Rate-of-Return Carriers” to bill a new Access Recovery Charge to end users. Only incumbent local exchange carriers were allowed to bill an Access Recovery Charge to recover revenues lost from reducing their access rates. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17956 ¶ 847. INS has no end users it could bill an Access Recovery Charge, and because INS is not an incumbent local exchange carrier, the *FCC’s USF/ICC Order* does not authorize INS to bill an Access Recovery Charge in any event. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17957 ¶ 849. Without any cost recovery mechanism to offset a reduction in the CEA tariff rates, it is implausible that the *FCC’s USF/ICC Order* was intended to subject CEA service to ratemaking designed for incumbent “Rate-of-Return Carriers.” *See also, Connect America Fund*, 2014 FCC LEXIS 1090 ¶ 4 (Mar. 31, 2014) (clarifying that only “incumbent LECs were required to reduce certain intrastate switched access rates that exceeded comparable interstate switched access rates to interstate rate levels using the interstate rate structure”).

As the CEA tariff rates have always been regulated by the FCC under rules applicable to dominant carriers, the rate caps in 47 C.F.R. § 51.911 for non-dominant “Competitive LECs” are also inapplicable to CEA tariff rates. The FCC

has classified “Competitive LECs” as non-dominant carriers. *Access Charge Reform*, 16 FCC Rcd 9923, 9926 n.5 (2001). The rate regulations for “Competitive LECs” are contained in the subpart of the FCC’s rules entitled “General Rules for Nondominant Carriers.” 47 C.F.R. §§ 61.18, 61.26. In contrast, the FCC has classified INS as a dominant carrier. *FCC 214 Order*, 3 FCC Rcd. at 1469 ¶ 10. Furthermore, “Competitive LECs” are “competitive” because they compete with other LECs in the provision of local telephone service to end users.⁵³ By its terms, 47 U.S.C. § 51.911(a) only applies to a “Competitive LEC operating in an area served by” an incumbent local exchange carrier or Price Cap Carrier. While CEA service provides a bridge connecting LECs to other service providers, such as AT&T, CEA service does not compete with the services offered by incumbent local exchange carriers and does not involve the operation of a local telephone service in the areas served by incumbent local exchange carriers or Price Cap Carriers. 47 U.S.C. § 51.911(c), which caps rates at the “rates charged by the competing incumbent local exchange carrier,” cannot logically apply to INS because no such “competing incumbent local exchange carrier” exists for CEA

⁵³ A competitive LEC is “a utility, other than an incumbent local exchange carrier, that provides local exchange service pursuant to an authorized certificate of public convenience and necessity.” 199 Iowa Admin. Code 22.1(3).

service.⁵⁴ Furthermore, to ensure they continue to earn the constitutionally-required minimum level of compensation, the FCC permitted Competitive LECs to increase end user charges to offset reductions in access rates charged to carriers, such as AT&T. *FCC's USF/ICC Order*, 26 FCC Rcd at 17965 ¶ 864. By contrast, as CEA service is provided only to carriers (and not end users), it is impossible for INS to increase CEA rates for end users in order to reduce them for AT&T. Therefore, the tariff rate reductions for "Competitive LECs" described in FCC Rule 51.911 are inapplicable to CEA service.

The definitions of incumbent LEC and competitive LEC that AT&T pleads in its Answer underscore the implausibility of AT&T's conclusory allegation that the CEA rates are subject to the *FCC's USF/ICC Order*. AT&T's Answer states that "A LEC can be classified generally as either an "incumbent" LEC, which is the traditional provider of telephone services in a local exchange, or a "competitive" LEC, which is a new entrant to the local telephone market that should compete with incumbent LECs."⁵⁵ According to AT&T's own definitions,

⁵⁴ Rate regulating INS as a "Competitive LEC" that is not required to provide cost justification for its rates under 47 C.F.R. § 61.38 (like INS does today), would result in AT&T's payment of higher CEA tariff rates. Under such a scenario, INS would be permitted to bill NECA's distance-sensitive transport rate of \$0.000424 per access minute per mile because CEA service is primarily provided to the end offices of incumbent local exchange carriers that bill the rates in NECA's tariff. The pertinent page from NECA's tariff is attached as exhibit 3 and can be found as a matter of public record at <https://apps.fcc.gov/etfs/public/tariff.action?idTariff=110>. Assuming a call is transported 35 miles, the rate cap for "Competitive LECs" would allow INS to charge AT&T \$0.01484 per minute (35 miles × \$0.000424 = \$0.01484), rather than the lower currently effective CEA tariff rate of \$0.00896. In addition, the "Competitive LEC" rate cap would allow INS to bill other NECA tariff rates, such as the tandem switching rate and the tandem switched termination rate, in order to recover the costs of the CEA database and other functions.

⁵⁵ AT&T Answer at 43 ¶ 20.

INS is not an “incumbent LEC” because CEA service is not local telephone service, and INS is not a “competitive LEC” because CEA service does not compete with the local telephone service provided by incumbent LECs.

CEA providers, such as INS, are not the only type of intermediate providers not subject to the ratemaking rules adopted in *FCC’s USF/ICC Order*. For example, it is common for long distance telephone companies, like AT&T, to purchase least cost routing services from intermediate providers in order to transmit calls to the LECs’ networks. *Rural Call Completion*, 28 FCC Rcd at 16163. Those intermediate providers of least cost routing services were not required by the *FCC’s USF/ICC Order* to reduce the rates they charge AT&T. Like INS, intermediate providers of least cost routing services are not LECs that provide local exchange service to end users. AT&T pays inter-carrier compensation to such intermediate providers to transmit AT&T’s calls to the same LECs connected to INS’ CEA network. Wireless carriers and voice-over-Internet Protocol (“VoIP”) service providers are other examples of service providers not subject to the rate reductions in the *FCC’s USF/ICC Order*.

The absence of any FCC investigation of the CEA tariff rates either *sua sponte* or in response to filings made with the FCC further supports the conclusion that the currently effective CEA tariff rates were unaffected by the *FCC’s USF/ICC Order*. On June 23, 2014, CenturyLink Communications, LLC (“CenturyLink”) filed a petition with the FCC urging the FCC to order INS to file new tariff rates that would be lower than those currently in effect.⁵⁶ The

⁵⁶ CenturyLink was formerly Northwestern Bell Telephone Company, which, as the long distance telephone company with the greatest share of the market for short-haul (intraLATA) long distance calls in INS’ service area, has aggressively opposed regulatory approvals for INS since its inception.

CenturyLink petition, which is attached as exhibit 4, also requested that the FCC suspend the CEA tariff rates because “if the filing is not suspended, INS’ tariff filing will be ‘deemed lawful,’ and the ability of interconnecting carriers such as CenturyLink to recover excess switched transport charges assessed prior to the Commission’s determination that the charges are unlawful will be compromised.”⁵⁷ CenturyLink made the same arguments regarding the *FCC’s USF/ICC Order* that AT&T asserts in counts I, II, III, and V. On June 2, 2014, INS filed with the FCC its Reply (which is attached as exhibit 5). On that same day, CenturyLink filed with the FCC a request to withdraw its Petition, which is attached as exhibit 6.⁵⁸ On June 26, 2014, the FCC informed INS that the FCC had told CenturyLink, prior to CenturyLink’s withdrawal, that the FCC would not grant CenturyLink’s request to suspend and investigate the CEA tariff rates that are currently in effect.⁵⁹

Even assuming that AT&T’s non-conclusory factual allegations are true, counts I, II, III, and V of AT&T’s counterclaims do not plausibly establish valid claims against INS. As demonstrated *supra.*, the *FCC’s USF/ICC Order* does not apply to CEA tariff rates. Furthermore, construing the *FCC’s USF/ICC Order* as requiring the filing of new CEA tariff rates would not grant AT&T the relief it seeks because federal and state statutes (47 U.S.C. §§ 203 (c) and 204 (a)(3); Neb. Rev. Stat. § 75-126 (1)(e)); and Iowa Code § 476.5) preclude paying less than the

⁵⁷ CenturyLink Petition to Reject and to Suspend and Investigate (“CenturyLink Petition”) at 11.

⁵⁸ The Court may consider the FCC filings attached to this brief because they are matters of public record. 47 C.F.R. § 1.8 (“The granting of a request to dismiss or withdraw an application or a pleading does not authorize the removal of such application or pleading from the Commission’s records”).

⁵⁹ Subsequently, CenturyLink filed an informal complaint requesting non-binding mediation by the FCC’s staff. That informal filing made the same arguments that CenturyLink alleged in its withdrawn Petition.

lawful CEA tariff rates for historical traffic so long as those CEA tariff rates remain effective and therefore lawful. Dismissal of counts I, II, III, and V of AT&T's counterclaims is appropriate when, as here, those claims present only questions of law and fail to state any valid legal basis. Therefore, counts I, II, III, and V of AT&T's counterclaims should be dismissed as a matter of law.

CONCLUSION

For the reasons discussed above, AT&T has not presented any triable material issue of fact that would preclude this Court from granting INS' motion to dismiss and resolve AT&T's counterclaims as pure questions of law. The Hobbs Act bars AT&T's challenge to the FCC's decisions finding that the CEA transport and interconnection arrangements serve the public interest. Even if the Hobbs Act was not applicable, INS' interconnection decisions are reasonable and do not violate 47 U.S.C. § 201(b) because INS' decisions are based upon the public interest standards of 47 U.S.C. §§ 201(a) and 214, as they have been interpreted by the FCC and affirmed by the courts. Furthermore, the currently effective CEA tariff rates are made lawful by 47 U.S.C. § 204(a)(3), and therefore, AT&T's counterclaims do not state valid claims for retroactive refunds of lawful rates. AT&T does not dispute that AT&T's calls traveled over INS' facilities and were delivered to the local exchange carrier that provided local service to the called party. INS provided and billed AT&T for CEA service in full compliance with the CEA tariffs and the FCC decisions finding that the grant of a section 214 certificate to INS would serve the public interest. Iowa Network Services requests dismissal of AT&T's counterclaims on the grounds that AT&T's counterclaims are barred by state and federal statutes, conflict with FCC decisions and lawful tariffs, and therefore, do not state valid claims on which relief can be granted.

Respectfully submitted,

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NETWORK SERVICES, INC.

August 22, 2014

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X

IOWA NETWORK SERVICES, INC.	:	
Plaintiff,	:	HON. JOEL A. PISANO
v.	:	Civil Action No. 3:14-cv-03439-JAP-LHG
AT&T CORP.,	:	
Defendant.	:	CERTIFICATE OF SERVICE

-----X

I, Robert Levy, hereby certify that on August 22, 2014, I electronically filed the foregoing Plaintiff's Brief in Support of its Motion to Dismiss Counterclaims Under Rule 12(b)(6) in the above-captioned matter using CM/ECF systems, which sent notification of such filing to:

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Robert Levy

Exhibit 40

**INS Mot. for Summ. J.,
INS v. AT&T Corp., No. 14-3439
(D.N.J. May 6, 2015)**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X

IOWA NETWORK SERVICES, INC. :

Plaintiff, : HON. PETER G. SHERIDAN

v. : Civil Action No. 14-3439 (PGS)(LHG)

AT&T CORP., : Motion Day: June 1, 2015

Defendant. :

-----X

**PLAINTIFF'S BRIEF IN SUPPORT OF ITS MOTION
FOR SUMMARY JUDGMENT ON TARIFF CLAIMS**

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May 6, 2015

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X

IOWA NETWORK SERVICES, INC. :

Plaintiff, : Civil Action No. 14-3439 (PGS)(LHG)

v. : **PLAINTIFF’S BRIEF IN SUPPORT
OF ITS MOTION FOR SUMMARY**

AT&T CORP., : JUDGMENT ON TARIFF CLAIMS

Defendant. : Motion Day: June 1, 2015

-----X

Pursuant to this Court’s Pretrial Scheduling Order dated November 21, 2014 and Fed. R. Civ. P. 56, Plaintiff and Counterclaim Defendant, Iowa Network Services, Inc. (“INS”) hereby submits its brief in support of its motion for summary judgment granting INS’ tariff claims. In support of its Motion, INS states as follows:

INTRODUCTION

On May 30, 2014, INS filed its original complaint against AT&T seeking payment for Centralized Equal Access (“CEA”) service ordered by AT&T, provided by INS, and used by AT&T to complete AT&T’s customers’ telephone calls. The original complaint contained only two claims: one for breach of INS’ federal tariff filed with the Federal Communications Commission (“FCC”) and the other for breach of INS’ state tariffs filed with state regulatory authorities in Nebraska and Iowa. Those two original claims ask this Court to order AT&T to pay the tariff rates,

which AT&T has failed to fully pay since INS' September, 2013 invoice. INS' original complaint also requested punitive damages and a permanent injunction barring AT&T from intentionally withholding payment of the tariff rates in the future.

On August 22, 2014, INS filed a motion to dismiss AT&T's counterclaims because counts I, II, III, and V are barred as a matter of law by the filed rate doctrine and INS' CEA tariff made lawful by 47 U.S.C. § 204(a)(3).¹ Oral arguments regarding INS' motion to dismiss are scheduled for June 15, 2015. INS' motion for summary judgment on its tariff claims and already pending motion to dismiss AT&T's counterclaims raise the same question of law: whether the Communications Act, related federal common law, and state statutes obligate AT&T to pay the CEA tariff rates. The Court's consideration of these two motions together will facilitate a just, speedy, and inexpensive determination of this action because a finding that the CEA tariff rates are effective and made lawful by 47 U.S.C. § 204(a)(3) will efficiently dispose of this entire case.

¹ That motion also requested dismissal of AT&T's counts IV and VI. Those two counts do not state plausible claims against INS because the interconnection arrangement between Great Lakes Communications Corporation ("Great Lakes") and INS for delivering AT&T's customers' calls to Great Lakes' customers is mandated by the interconnection terms contained in INS' lawful FCC tariff, 47 U.S.C. § 251(a), 47 C.F.R. § 69.112(i), and decisions by the FCC and the Iowa Utilities Board (as upheld by the courts). *See generally*, INS Brief in Support of Motion to Dismiss [Doc. # 12-1].

STANDARD OF REVIEW

The purpose of a motion for summary judgment under Fed. R. Civ. P. 56(a) is to promptly dispose of actions in which there is no genuine dispute as to any material fact, permitting judgment to be rendered as a matter of law. “Summary judgment procedure is properly regarded ...as an integral part of the Federal Rules as a whole, which are designed ‘to secure the just, speedy, and inexpensive determination of every action.’” *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986) (citations omitted).

The standards governing motions for summary judgment are well established. “The mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment” because the requirement in Fed. R. Civ. P. 56(a) is that there be no genuine dispute as to any “material” fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). In this suit, the substantive law governing the enforcement of telephone tariffs will determine which facts are “material.” *Id.* If, after applying applicable law, the outcome of INS’ tariff claims are unaffected by a particular factual dispute raised by AT&T, then such facts are not “material” and the entry of summary judgment is not precluded by that factual dispute. “Factual disputes that are irrelevant or unnecessary will not be counted.” *Id.*

ARGUMENT**I. The Court Should Grant Summary Judgment Enforcing the Effective and Lawful Tariff Rates.**

The undisputed material facts demonstrate that INS is entitled to summary judgment as a matter of law holding: that the Communications Act, related federal common law, and state statutes obligate AT&T to pay the CEA tariff rates. The material facts, as delineated by those laws, are undisputed and include the following:

- (1) INS and AT&T operate as common carriers providing telecommunications services;
- (2) The CEA network provides a “through route” between AT&T’s long distance telephone network and the networks of other carriers, such as local exchange carriers (“LECs”), that provide local telephone service.
- (3) INS has filed tariffs with the FCC, Nebraska Public Service Commission, and the Iowa Utilities Board;
- (4) CEA service is described in INS’ tariffs;
- (5) For the period AT&T has objected to INS’ invoices, INS provided CEA service to AT&T;
- (6) For the period AT&T has objected to INS’ invoices, AT&T has used CEA service to complete AT&T’s customers’ telephone calls;
- (7) The rates and terms governing CEA service are set forth in INS’ tariffs;

- (8) When INS revised the rate in its FCC tariff on June 17, 2013, INS filed the cost and usage data and followed the filing procedures required by 47 C.F.R. § 61.38;
- (9) The tariff pages filed with the FCC on June 17, 2013 state that the effective date is July 2, 2013;
- (10) The June 17, 2013 FCC tariff rate revision was electronically filed with the FCC and was publicly available on June 17, 2013 for AT&T to review before it became effective;
- (11) AT&T has not filed at the FCC any petition to suspend or other complaint regarding the June 17, 2013 FCC tariff rate revision;
- (12) Between the June 17, 2013 filing date and the July 2, 2013 effective date, the FCC did not suspend the FCC tariff rate revision or take any other action regarding that tariff filing;
- (13) The rates that INS billed AT&T are the rates contained in the CEA tariffs;
- (14) AT&T fully paid the CEA tariff rates prior to INS' September, 2013 invoice;
- (15) Beginning with INS' September, 2013 invoice (for CEA service provided in August, 2013), AT&T has failed to fully pay INS' invoices;

- (16) Beginning with INS' September, 2013 invoice (for CEA service provided in August, 2013), AT&T has failed to fully pay the filed CEA tariff rates; and
- (17) In enforcing the filed tariffs, INS' compensatory damages are equal to the difference between the filed tariff rates (multiplied by minutes-of-use) and the lower amount paid by AT&T.

The above facts are the only material facts because they alone could affect the outcome of INS' tariff claims under the applicable substantive laws.

The incontrovertible legal conclusion that results from applying the substantive laws to these undisputed material facts is that the CEA tariff rates that INS billed AT&T are effective, lawful, and binding upon both INS and AT&T. INS' fundamental right to receive compensation for the interstate telecommunications services it provides AT&T is codified in 47 U.S.C. §§ 201(a), 203, 204(a)(3), and enforced via federal common law.²

All common carriers providing telecommunications services, including AT&T and INS, have a statutory duty to establish a physical connection with other telecommunications service providers and "to establish through routes and charges applicable thereto and the divisions of such charges." 47 U.S.C. § 201(a). After

² Neb. Rev. Stat. § 75-126(1)(e) and Iowa Code § 476.5 are the state laws governing the payment of state tariff rates for intrastate CEA service.

conducting a section 201(a) hearing, the FCC prescribed a “division of charges” for through routes like the one that INS provided AT&T. Under this arrangement, AT&T offers its long distance telephone service to the public for a fee, collects revenue from the customers that place calls, and pays a charge to connecting carriers, such as INS, for the use of INS’ facilities. As the FCC explained, “one of the carriers offers the service to the public and pays a charge to a connecting carrier for the use of the other carrier’s facilities. We have used the term ‘carrier’s carrier’ charges to describe such an arrangement.” *MTS and WATS Market Structure*, 93 F.C.C.2d 241, 254 n. 15 (1983); *see also, Mobile Marine Radio, Inc. v. South Central Bell Tel. Co.*, 63 F.C.C.2d 266, 271 n. 21 (1977). Carrier’s carrier charges must be set forth in tariffs filed with the FCC.

In compliance with the Communications Act, INS filed a tariff with the FCC establishing its carrier’s carrier charges for CEA service. 47 U.S.C. § 203(a) states that “[e]very common carrier” shall file a tariff with the FCC. Because the FCC classified INS as a dominant carrier,³ the CEA tariff rates have always been calculated on a cost basis (rather than rate caps) in accordance with the procedures for dominant carriers set forth in 47 C.F.R. § 61.38.

³ The FCC classified INS as a dominant common carrier in *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission’s Rules and Regulations*, 3 FCC Rcd. 1468, 1469 ¶ 10 (1988) (“FCC 214 Order”).

The June 17, 2013 CEA tariff revision, which AT&T now challenges before this Court, was filed with the FCC in accordance with the tariff filing procedures prescribed by Congress in 47 U.S.C. § 204(a)(3). Section 204(a)(3) provides, in relevant part that:

Any such charge, classification, regulation, or practice shall be deemed lawful and shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date on which it is filed with the Commission unless the Commission takes action under paragraph (1) before the end of that 7-day or 15-day period, as is appropriate.

During the 15 day statutory period, AT&T did not ask the FCC to take action, and the FCC took no action regarding the June 17, 2013 CEA tariff revision. Because the FCC did not initiate a Section 204(a)(1) hearing concerning the lawfulness of the CEA tariff filing during the 15 day statutory period, the CEA tariff rate change became effective July 2, 2013 (15 days after it was filed on June 17, 2013). 47 U.S.C. § 204(a)(3) (stating that tariff rates “shall be effective...unless the Commission takes action”).

AT&T’s argument that the CEA tariff filing did not become effective on July 2, 2013 is contrary to the plain language of section 204(a)(3). The date on which a tariff filing becomes effective involves a question of law, not a factual dispute. A tariff rate is “effective” and “procedurally valid” when “it has been filed with the Commission” and “the Commission has allowed it to take effect.” *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d 666, 669 (D.C. Cir. 2006). Furthermore, when

implementing section 204(a)(3), the FCC determined that a section 204(a)(3) tariff “becomes both effective and ‘deemed lawful’ 7 or 15 days after the date on which it is filed.” *Implementation of Section 402(b)(1)(A) of the Telecommunications Act of 1996*, 12 FCC Rcd 2170, 2183 ¶ 22 (1997) (“*FCC’s Section 204(a)(3) Order*”).

There are no FCC regulations that prevented the CEA tariff rate change from becoming effective 15 days after it was filed on June 17, 2013. The FCC expressly rejected AT&T’s requests for the void-upon-filing and retroactive mandatory detariffing regulations that AT&T now urges this Court to adopt. In response to AT&T’s request that the FCC adopt a regulation that would automatically void a section 204(a)(3) tariff filing, that is allegedly inconsistent with an FCC order or rule, the FCC held that “Such presumptions would be inconsistent with the legislative intent of this provision.”⁴ Furthermore, when AT&T urged the FCC to adopt broader mandatory detariffing regulations, the FCC stated that “we reject the suggestion that we detariff.” *Connect America Fund*, 26 FCC Rcd 17663, 17887 ¶ 692 and n.1167 (2011) (“*FCC’s USF/ICC Order*”). As a tariff can be retroactively stripped of its lawful status and rendered *void ab initio* only when the FCC has expressly made “mandatory detariffing a retroactive punishment” (which the FCC

⁴ *FCC’s Section 204(a)(3) Order*, 12 FCC Rcd at 2200 ¶ 61.

has not done here),⁵ there is no legal basis for retroactively nullifying the lawfulness of INS' section 204(a)(3) tariff rate.

II. With None Of The Material Facts In Dispute, AT&T's Arguments Fail As A Matter of Law.

AT&T's arguments neither involve disputed material facts nor present a bar to granting summary judgment on INS' tariff claims as a matter of law. In count I of its counterclaims, AT&T contends that the CEA tariff rates, made lawful by 47 U.S.C. § 204(a)(3), violate 47 U.S.C. § 201(b) because they allegedly are unjust and unreasonable.⁶ However, a tariff rate that is lawful under section 204(a)(3) cannot rationally, at the same time, be unlawful under section 201(b). To avoid such an absurd result, courts have consistently construed rates contained in a section 204(a)(3) tariff to be just and reasonable as a matter of law. *See e.g., Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 (holding that a "tariff that takes effect without prior suspension or investigation is conclusively presumed to be reasonable and thus, a lawful tariff during the period that the tariff remains in effect"); *ACS of Anchorage, Inc. v. FCC*, 290 F.3d 403, 411 (D.C. Cir. 2002); *see also, Arizona Grocery Co. v. Atchison, Topeka & Santa Fe Railway Co.*, 284 U.S. 370, 387 (1932) (holding that a lawful rate is reasonable). Should the FCC decide in the future to

⁵ *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 712 F. Supp. 2d 405, 421 (E.D. Pa. 2010), *appeal withdrawn*, No. 11-2268 (3rd Cir. 2012).

⁶ Defendant's Answer and Counterclaims (Doc. # 9) at ¶ 118.

apply rate caps in the *FCC's USF/ICC Order* to CEA service, the reduction in the tariff rates would be prospective only, and AT&T would not be entitled to a refund or other retroactive damages. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 (holding that the remedy for overearnings due to a violation of an FCC order is a prospective change to the rate, rather than a retroactive refund, when a tariff rate is made lawful by section 204 (a)(3)). Therefore, as a matter of law, this Court should find that the rates contained in the filed CEA tariffs are lawful under 47 U.S.C. § 204(a)(3), and therefore, just and reasonable.

AT&T's count II, alleging a 47 U.S.C. § 203 violation, fails along with AT&T's meritless argument that the CEA tariff rates are not effective.⁷ The June 17, 2013 CEA tariff revision was procedurally valid because it was filed by INS and published by the FCC. *ACS of Anchorage, Inc. v. FCC*, 290 F.3d at 410-411. As discussed *supra*, the CEA tariff rates became effective under 47 U.S.C. § 204(a)(3) when the FCC chose not to take action during the 15 day statutory period. Furthermore, there are no void-upon-filing or retroactive mandatory detariffing regulations that prevented the CEA tariff rates from becoming effective.

So long as the CEA tariff rates remain effective, INS is obligated to bill those rates, and AT&T is required by the federal common law known as the filed rate

⁷ Defendant's Answer and Counterclaims (Doc. # 9) at ¶ 125.

doctrine to pay the tariff rates.⁸ “The filed rate doctrine forbids charging or collecting rates for services that vary with the rate schedules for those services in a filed tariff.” *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d 651, 656 (3rd Cir. 2003). The failure to bill and collect the tariff rates is punishable by criminal prosecution or the payment of civil fines. 47 U.S.C. §§ 203(e) and 501. AT&T’s count II is illogical because it seeks a finding that billing tariff rates constitutes a violation of section 203, when it is the failure to bill the tariff rates that violates section 203. The filed rate doctrine, as adopted in Iowa and Nebraska, also prohibits INS from charging any rate for intrastate CEA service other than the rates filed in its state tariffs. *AT&T Communications of the Midwest, Inc. v. Nebraska Public Service Commission*, 811 N.W.2d 666, 671 (Neb. 2012); *Teleconnect Co. v. U.S. West Comms., Inc.*, 508 N.W.2d 644, 647 (Iowa 1993); Neb. Rev. Stat. § 75-126(e); Iowa Code § 476.5. Therefore, the Court should find that INS has billed the tariff rates in compliance with 47 U.S.C. § 203 and applicable state laws, and that AT&T is required by the filed rate doctrine to pay those tariff rates.

⁸ The Third Circuit has recognized the need for a uniform federal common law requiring the payment of tariff rates even though the Communications Act does not contain an express provision for the recovery of unpaid compensation between common carriers. *MCI Telecom. Corp. v. Teleconcepts, Inc.*, 71 F.3d 1086, 1093-1096 (3rd Cir. 1995); *Comcast Cellular Telecom. Litigation*, 949 F. Supp. 1193, 1203 (E.D. Pa. 1996). INS’ statutory duty under 47 U.S.C. § 203 to collect the rate set by tariff implies a correlative duty of AT&T to pay it.

AT&T's allegation in counterclaim count III that INS has been involved in an unreasonable practice also fails as a matter of law and therefore is not a material fact precluding summary judgment.⁹ The unreasonable practice that AT&T alleges is founded upon the erroneous assumption that the CEA tariff made lawful by 47 U.S.C. § 204 (a)(3) can be unlawful retroactively. Furthermore, contrary to AT&T's claim that INS is not authorized to file a tariff,¹⁰ the FCC ordered INS to file a tariff for CEA service as a dominant carrier, which INS has done. *FCC 214 Order*, 3 FCC Rcd. at 1469 ¶ 10 (holding that INS is "a dominant carrier providing exchange access services subject to Title II regulations," which include section 203's tariff filing requirement). Nowhere did the FCC state that INS would be classified as an incumbent local exchange carrier ("ILEC") or a competitive local exchange carrier ("CLEC"). When INS first filed its initial tariff on August 10, 1988, the FCC rejected AT&T's petition to suspend and investigate the tariff and specifically concluded that INS' tariff was not unlawful. *Iowa Network Access Division, Tariff F.C.C. No. 1*, 4 FCC Rcd. 3947 ¶ 10 (1989). Moreover, under the filed rate doctrine, "labeling the carrier's conduct an 'unreasonable practice'", as AT&T has done in its count III, does not justify deviation from the filed tariff rates. *Maislin Industries, U.S., Inc. v. Primary Steel, Inc.*, 497 U.S. 116, 131 (1990).

⁹ Defendant's Answer and Counterclaims (Doc. # 9) at ¶ 132.

¹⁰ *Id.* at ¶ 131.

The alleged unreasonable practice (interconnection with Great Lakes) that AT&T pleads in count IV of its counterclaims is also invalidated as a matter of law by the filed rate doctrine.¹¹ First, the tariff terms governing INS' interconnection with AT&T and Great Lakes are deemed lawful under 47 U.S.C. § 204(a)(3), and therefore, such interconnection is just and reasonable as a matter of law.¹² Second, the filed rate doctrine does not permit AT&T to allege a tort, such as an alleged unreasonable practice, as a way to pay a lower rate than the filed tariff rate. *AT&T v. Central Office Telephone, Inc.*, 524 U.S. 214, 227 (1998) (holding that the filed rate doctrine prohibits “unlawful preferences under the cloak of a tort claim”); *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d 525, 532 (3rd Cir. 2006) (holding that “According to the filed rate doctrine, a customer is prevented from enforcing contract or tort rights that contradict the tariff”); *Clark v. Prudential Insurance Co.*, 736 F. Supp. 2d 902,920 (D. N.J. 2010) (holding that money damages that would require a refund of a portion of the filed tariff rate are barred by the filed rate doctrine). AT&T's claimed injury is directly related to the filed tariff rate because AT&T seeks compensatory damages equal to the difference between INS' tariff rate and the lower rate that AT&T would have paid for a direct connection to Great

¹¹ Defendant's Answer and Counterclaims (Doc. # 9) at ¶ 136.

¹² The tariff's interconnection terms and conditions are discussed in INS Brief in Support of Motion to Dismiss [Doc. # 12-1] at pp. 9-10.

Lakes. The filed rate doctrine bars such monetary damages as it would result in AT&T paying a lower rate for CEA service than other carriers.

Finally, the interconnection arrangements with Great Lakes cannot be unreasonable when they are not only authorized, but required, by applicable law. Orders issued by the FCC and the Iowa Utilities Board required INS to honor Great Lakes' interconnection requests.¹³ Great Lakes was permitted by 47 U.S.C. § 251(a)(1) to choose to either directly connect with AT&T or to indirectly connect via INS' CEA network. In addition, 47 C.F.R. § 69.112(i) expressly states that "Centralized equal access service providers ...are not required to provide direct-trunked transport service." AT&T has not presented any triable issue of material fact that would preclude this Court from granting INS' motion for summary judgment and resolving this entire case as a matter of law.

CONCLUSION

Because the undisputed material facts establish that AT&T has not fully paid CEA tariff rates that are effective and lawful, summary judgment should be granted INS' tariff claims (counts I and II of INS' original complaint) as a matter of law. In accordance with the filed rate doctrine, the Court should award compensatory damages to INS equivalent to the difference between the tariff rates (multiplied by minutes-of-use) and the lower amount paid by AT&T. The CEA tariffs also require

¹³ See INS Brief in Support of Motion to Dismiss [Doc. # 12-1] at pp. 10-11.

the payment of late payment interest and attorneys fees. INS Complaint at ¶¶ 104, 105, 117, 118.

Respectfully submitted,

s/ Robert Levy

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ATTORNEYS FOR PLAINTIFF IOWA
NETWORK SERVICES, INC.

May 6, 2015

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

-----X

IOWA NETWORK SERVICES, INC. :

Plaintiff, : HON. PETER G. SHERIDAN

v. : Civil Action No. 14-3439 (PGS)(LHG)

AT&T CORP., : **CERTIFICATE OF SERVICE**

Defendant. :

-----X

I, Robert Levy, hereby certify that on May 6, 2015, I electronically filed the foregoing INS Brief in Support of its Motion for Summary Judgment on Tariff Claims in the above-captioned matter using CM/ECF systems, which sent notification of such filing to:

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Parsippany, NJ 07054

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Sidley Austin LLP
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Washington, DC 20005

s/ Robert Levy
Robert Levy

Exhibit 41

**INAD Tariff F.C.C. No. 1,
10th Revised Page 145
(issued June 24, 2008)**

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
10th Revised Page 145
Cancels 9th Revised Page 145

CENTRALIZED EQUAL ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Switched Transport

(A) Rate

Rate
Per Access Minute

\$ 0.00819 (R)

Rate
Per Call Blocked

(B) Network Blocking Charge + \$ 0.0070

(C) Nonrecurring Charges

(1) Installation

Rate
Per Trunk

Activation of the first
trunk or SNAC contained
in the order \$ 514.68

Activation of each
additional trunk or SNAC
contained in an order \$ 12.55

(2) Interim NXX Translation

Rate
Per Order

Activation or deactivation
of the first NXX code
contained in an order \$ 213.70

Activation or deactivation
of each additional NXX code
contained in an order \$ 23.81

+Applies to FGD

Issued: June 24, 2008

Effective: July 1, 2008

4201 Corporate Drive
West Des Moines, Iowa 50266-5906

Exhibit 42

**INAD Tariff F.C.C. No. 1,
11th Revised Page 145
(issued June 26, 2012)**

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
11th Revised Page 145
Cancels 10th Revised Page 145

CENTRALIZED EQUAL ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Switched Transport

(A) Rate

Rate
Per Access Minute

\$ 0.00623 (R)

Rate
Per Call Blocked

(B) Network Blocking Charge + \$ 0.0070

(C) Nonrecurring Charges

(1) Installation

Rate
Per Trunk

Activation of the first
trunk or SNAC contained
in the order \$ 514.68

Activation of each
additional trunk or SNAC
contained in an order \$ 12.55

(2) Interim NXX Translation

Rate
Per Order

Activation or deactivation
of the first NXX code
contained in an order \$ 213.70

Activation or deactivation
of each additional NXX code
contained in an order \$ 23.81

+Applies to FGD

Issued: June 26, 2012

Effective: July 3, 2012

4201 Corporate Drive
West Des Moines, Iowa 50266-5906

Exhibit 43

**INAD Tariff F.C.C. No. 1,
12th Revised Page 145
(issued June 17, 2013)**

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
12th Revised Page 145
Cancels 11th Revised Page 145

CENTRALIZED EQUAL ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Switched Transport

(A) Rate

Rate
Per Access Minute

\$ 0.00896 (I)

Rate
Per Call Blocked

(B) Network Blocking Charge + \$ 0.0070

(C) Nonrecurring Charges

(1) Installation

Rate
Per Trunk

Activation of the first
trunk or SNAC contained
in the order \$ 514.68

Activation of each
additional trunk or SNAC
contained in an order \$ 12.55

(2) Interim NXX Translation

Rate
Per Order

Activation or deactivation
of the first NXX code
contained in an order \$ 213.70

Activation or deactivation
of each additional NXX code
contained in an order \$ 23.81

+Applies to FGD

Issued: June 17, 2013

Effective: July 2, 2013

4201 Corporate Drive
West Des Moines, Iowa 50266-5906

Exhibit 44

**INS Complaint,
INS v. AT&T Corp., No. 14-3439
(D.N.J. May 30, 2014)**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

IOWA NETWORK SERVICES, INC.,
an Iowa corporation
4201 Corporate Drive
West Des Moines, IA 50266

Plaintiff,

v.

AT&T CORP., a New York corporation
One AT&T Way
Room 4A248
Bedminster, NJ 07921

Defendant.

Civil Action No. _____

COMPLAINT

COMPLAINT

1. Plaintiff Iowa Network Services, Inc. ("INS"), by its attorneys, brings this Complaint against Defendant AT&T Corp. ("AT&T" or "Defendant") and alleges as follows:

NATURE OF THE CASE

2. INS brings this action against AT&T to recover on an account for the Centralized Equal Access ("CEA") service that INS has provided and billed to AT&T, but for which AT&T has not fully compensated INS.

3. A statement of account is attached as Exhibit A.

4. The statement of account attached as Exhibit A is accurate. The amounts that were billed by INS and the amounts that have not been paid by AT&T are accurately set forth in the statement of account.

JURISDICTION, VENUE, AND TIMELINESS

5. This Court has jurisdiction over this action pursuant to: (a) 28 U.S.C. §§ 1331 and 1337, because Plaintiff's claims arise under Section 203 of the Communications Act, 47 U.S.C. § 203; (b) 28 U.S.C. § 1332, because the parties are citizens of different states and the amount in controversy exceeds \$75,000; and (c) 47 U.S.C. § 207, which vests the district courts with jurisdiction to hear suits seeking monetary damages under the Communications Act. Collection of unpaid charges for service under the federal CEA Tariff arises under the Communications Act because the claim relies upon a tariff which is required by that federal statute to be filed with the Federal Communications Commission ("FCC"). *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d 651, 654 (3rd Cir. 2003). Furthermore, an act of Congress, 47 U.S.C. § 204(a)(3), declared the CEA Tariff prices to be lawful.

6. A court is the only forum where Plaintiff can bring a suit against a customer of its CEA service, like Defendant. This collection action could not have been filed with the FCC. The FCC has repeatedly held that it lacks jurisdiction to consider a complaint against a customer, and that the proper forum for recovery of charges due under the terms of a tariff is the federal district court. *U.S. Telepacific Corp. v. Tel-America of Salt Lake City, Inc.*, 19 FCC Rcd 24552, 24555-56 ¶ 8 (2004). Moreover, in declining jurisdiction over collection actions, the FCC has specifically recognized that "issues of tariff interpretation are well within the expertise of the District Court." *Id.*, 19 FCC Rcd at 24556 n. 31.

7. This Court also has supplemental jurisdiction over breach of state tariff claims pursuant to 28 U.S.C. § 1367(a).

8. Venue is proper in this judicial district because Defendant AT&T's principal place of business is located in Bedminster, New Jersey. INS sent invoices for CEA service to AT&T

in New Jersey. This collection action arises from the decisions that AT&T made in New Jersey to refuse payment of INS' invoices for CEA service. The AT&T employees that reviewed INS' invoices, analyzed the CEA Tariffs, made the decision to breach those tariffs, and improperly disputed INS' invoices are located in New Jersey. For example, the AT&T e-mails refusing to pay the CEA Tariff rates were written by Jack Habiak, who is located in New Jersey. As the acts and omissions by AT&T that gave rise to INS' tariff claims occurred in New Jersey, AT&T's breach of the CEA Tariffs occurred in New Jersey.

9. This Court has personal jurisdiction over Defendant AT&T because AT&T does business throughout New Jersey, and its principal place of business is located in Bedminster, New Jersey.

10. This suit is timely because it is being filed prior to the expiration of the two year statute of limitations set forth in Section 415(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 415(a).

PLAINTIFF

11. Plaintiff INS is a CEA service provider incorporated in the State of Iowa, and has its principal place of business in West Des Moines, Iowa.

12. INS provides CEA service to Illinois, Minnesota, Iowa, Missouri, Nebraska, and South Dakota.

DEFENDANT

13. Defendant AT&T Corp. is a New York corporation with its principal place of business in Bedminster, New Jersey. AT&T Corp. provides interstate long distance telephone service to customers located in several states, including customers located in New Jersey, Illinois, Minnesota, Iowa, Missouri, Nebraska, and South Dakota.

GENERAL ALLEGATIONS**I. Centralized Equal Access Service.**

14. CEA service is one of the telecommunications services provided by INS. CEA service is provided to other telecommunications carriers. CEA service is not provided to individual consumers or end users.

15. CEA service provides AT&T with the use of INS' 2,700 mile fiber optic cable network and access tandem switches to complete AT&T's long distance telephone calls. CEA service acts as a bridge between the networks of long distance telephone companies, like AT&T, and the local exchange networks of more than 140 local exchange carriers ("LECs").

16. The FCC and the Iowa Utilities Board granted authorizations to INS to provide CEA service, and those authorizations continue to govern INS' operations today. *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations to Lease Transmission Facilities to Provide Access Service to Interexchange Carriers in the State of Iowa, Memorandum Opinion, Order and Certificate*, 3 FCC Rcd. 1468, 1471 ¶¶ 21, 23 (1988) ("Federal Certificate"), *aff'd on recon.*, 4 FCC Rcd 2201 (1989); *Iowa Network Access Division, Division of Iowa Network Services*, Iowa Utilities Board Docket No. RPU-88-2, 1988 Iowa PUC LEXIS 1 (1988) ("State Authorization"), *aff'd on appeal, Northwestern Bell Tel. Co. v. Iowa Utilities Board*, 477 N.W.2d 678, 681 (Iowa 1991). The *Federal Certificate* and *State Authorization* require interexchange carriers, like AT&T, to deliver their calls to the INS CEA network, when the calls are destined for a LEC that has chosen to enter into a traffic agreement with INS. *Federal Certificate*, 3 FCC Rcd. at 1473 ¶ 33 (holding that "We do not believe that the mandatory termination requirement for interstate traffic is unreasonable or differs

substantially from the normal way access is provided”); *State Authorization* at *12 (“The participating telephone companies will be allowed to route their traffic pursuant to their participation agreement with INS”).

17. AT&T does not operate local exchange facilities in the states where INS offers CEA service, and AT&T’s long distance network does not extend to the LECs’ networks connected to INS’ CEA service.

18. Long distance telephone companies, like AT&T, are also referred to as “interexchange carriers” or “IXCs.”

19. INS owns wires and facilities that span the distance between AT&T’s long distance network and the LECs’ networks connected to INS’ CEA service.

20. Beginning with INS’ September, 2013 invoice (for CEA service provided in August, 2013), AT&T has withheld payment of some amounts billed by INS for CEA service.

21. During the period of time for which AT&T has been withholding payment, INS has provided CEA service to AT&T.

22. AT&T has used the CEA service provided by INS to complete the telephone calls of AT&T’s customers.

23. Since August 1, 2013, AT&T has routed calls over INS’ facilities.

(A) Calls Delivered From LECs to AT&T.

24. CEA service involves AT&T’s use of INS’ facilities between a LEC’s network and AT&T’s long distance network to enable an AT&T customer located in the LEC’s service area to place a long distance call.

25. During the period of time for which AT&T has been withholding payment, INS carried calls placed by some of AT&T's customers that were routed to AT&T's long distance network.

26. Since August 1, 2013, INS provided switching and transport for certain calls placed by AT&T's customers that were routed to AT&T's long distance network.

(B) Calls Delivered From AT&T to LECs.

27. CEA service also involves AT&T's use of INS' facilities between AT&T's long distance network and a LEC's network to enable an AT&T customer to complete long distance calls to phones and other equipment located in the town where the LEC provides local telephone service.

28. During the period of time for which AT&T has been withholding payment, INS received calls from AT&T's long distance network and carried those calls to the LECs' networks connected to INS' CEA service.

29. Since August 1, 2013, INS provided switching and transport for certain calls received from AT&T's long distance network that were routed to LECs' networks connected to INS' CEA service.

30. Since August 1, 2013, INS has provided CEA service to AT&T.

II. Defendant Has Failed to Pay the Tariff Prices for CEA Service.

31. The prices and other terms governing CEA service are contained in tariffs filed with the FCC and state regulatory agencies.

32. Copies of the CEA tariffs are attached as Exhibits B, C, and D (herein referred to as the "CEA Tariffs").

33. The interpretation and application of a tariff present a question of law. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d 525, 534 (3rd Cir. 2006); *Farmers Union Livestock Commission v. Union Pacific Railroad Co.*, 283 N.W. 498, 504 (Neb. 1939) (holding that a tariff rate has “the force of a statute”).

34. AT&T paid the prices in the CEA Tariffs prior to the September, 2013 invoice.

35. AT&T has paid the prices in the CEA Tariffs for more than 20 years.

36. AT&T fully paid INS’ August, 2013 invoice and previous invoices for CEA service.

37. The CEA Tariffs were properly filed with the FCC and state regulators.

38. The CEA Tariffs are currently effective.

39. INS has sent monthly invoices to AT&T for CEA service.

40. The prices that INS billed AT&T for CEA service since September 1, 2013, are the same prices that are currently effective in the CEA Tariffs.

41. The dollar amounts billed by INS, as set forth in the statement of account (attached as Exhibit A), can be calculated by applying the prices in the CEA Tariffs to AT&T’s minutes-of-use for CEA service.

42. AT&T has failed to fully pay INS’ September, 2013 invoice and subsequent invoices for CEA service.

43. AT&T continues to take CEA service from INS.

44. Since August 1, 2013, AT&T has received payments from AT&T’s customers who placed calls that were carried, in part, by INS’ CEA network.

45. FCC regulations preclude INS from discontinuing CEA service to AT&T for non-payment. *Connect America Fund*, 26 FCC Rcd 17663, 18028 ¶ 973 (2011) (“*FCC’s USF/ICC Order*”)

46. Furthermore, AT&T has not notified INS that it wants INS to disconnect AT&T from the INS CEA network.

III. AT&T’s Alleged Counterclaims Are Meritless as a Matter of Law.

47. On November 8, 2013 and February 28, 2014, Jack Habiak, an AT&T employee, sent e-mails to INS stating that AT&T will not pay the prices in the CEA Tariffs (hereinafter referred to as the “AT&T E-mails”). Those e-mails are attached as Exhibits E and F. INS’ response to the AT&T E-mails is attached as Exhibit G.

48. The AT&T E-mails generally allege two counterclaims: (1) that the CEA Tariff prices are too high; and (2) that Great Lakes Communications (“Great Lakes”), an unaffiliated third party LEC to which AT&T is sending calls, is not fully complying with certain regulations applicable to Great Lakes. These counterclaims are meritless as a matter of law.

(A) AT&T Must Pay the CEA Tariff Prices Which Are Lawful as a Matter of Federal Statute.

49. INS is a common carrier. Furthermore, the CEA service provided by INS is a telecommunications service.

50. As a common carrier, INS has a statutory duty to establish a physical connection with AT&T, and “to establish through routes and charges applicable thereto and the divisions of such charges.” Communications Act of 1934, as amended, 47 U.S.C. § 201(a).

51. The CEA network provides a “through route” between AT&T’s long distance network and the networks of other carriers, such as LECs.

52. Tariffs are filed at the FCC containing the prices that are charged to other carriers, such as AT&T, for transmitting calls over a through route. 47 U.S.C. § 203(a).

53. The CEA Tariffs (attached as Exhibits B, C, and D) contain the prices for the through route that the CEA network provided (and continues to provide) to AT&T.

54. INS is required to make a tariff filing at least every two years that includes a cost study and other data supporting the lawfulness of the CEA Tariff prices. Cost and traffic data determine whether the CEA Tariff prices should be increased or decreased. The data that INS must file with the FCC to support a CEA Tariff price increase are described in FCC Rule 61.38, 47 C.F.R. § 61.38.

55. FCC Rule 61.38 applies to dominant carriers.

56. INS is classified as a dominant carrier in its provision of CEA service.

57. FCC Rule 69.3(f)(1), 47 C.F.R. § 69.3(f)(1), requires tariff prices calculated pursuant to FCC Rule 61.38 to be filed at least every two years. However, this requirement does not preclude tariff price adjustments to be filed more frequently. 47 C.F.R. § 69.3(b).

58. When the FCC is concerned about the lawfulness of an increase in a tariff price, the FCC may suspend and investigate the tariff price increase. 47 U.S.C. § 204(a).

59. The current prices in the CEA Tariffs have not been suspended or rejected by the FCC.

60. A tariff can be retroactively stripped of its lawful status and rendered *void ab initio* only when the FCC has expressly made “mandatory detariffing a retroactive punishment.” *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 712 F. Supp. 2d 405, 421 (E.D. Pa. 2010), *appeal withdrawn*, No. 11-2268 (3rd Cir. 2012). The FCC has never created such a retroactive punishment for CEA service. Instead of detariffing, the FCC has classified

CEA service as a dominant carrier service for which tariff prices must be revised at least every two years in accordance with FCC Rule 61.38.

61. As its first counterclaim, the AT&T E-mails allege that the prices in the CEA Tariffs “are unjust and unreasonable pursuant to Section 201(b) of the Telecommunications Act.” The AT&T E-mails also contend that the *FCC’s USF/ICC Order* required INS to cap its interstate price for CEA service and reduce its intrastate price for CEA service.

62. This first counterclaim fails to allege a cognizable claim because the *FCC’s USF/ICC Order* did not address CEA service and the prices in the CEA Tariffs are just and reasonable as a matter of federal law. The application of the CEA Tariffs is a question of law. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 534. INS’ federal tariff was filed with the FCC pursuant to the procedures established by Congress at 47 U.S.C. § 204(a)(3) for a tariff to be “deemed lawful.” Prices and other terms contained in a lawful tariff are “just and reasonable” as a matter of law. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d 666, 669 (D.C. Cir. 2006). 47 U.S.C. § 201(b) only prohibits unreasonable or unlawful tariff prices.

63. There are only two ways for a tariff price to become substantively lawful. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669. The tariff price can be adjudged lawful in a hearing before the FCC, or the price can be made a lawful – that is, a reasonable – price by statute, 47 U.S.C. § 204(a)(3).

64. When the FCC reviewed the CEA Tariff price and allowed it to become effective under 47 U.S.C. § 204(a)(3), the CEA Tariff price was made by statute a lawful price. Furthermore, the CEA Tariff price will remain lawful for so long as that tariff price remains effective. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 (holding that a “tariff that

takes effect without prior suspension or investigation is conclusively presumed to be reasonable and thus, a lawful tariff during the period that the tariff remains in effect”).

65. 47 U.S.C. § 204(a)(3) provides that a tariff price increase is lawful unless the FCC “takes action under 47 U.S.C. § 204(a)(1)” within 15 days after the tariff price increase is filed with the FCC. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 n. 2. Section 204(a)(1) grants the FCC authority to “enter upon a hearing concerning the lawfulness [of a tariff].” *Id.*

66. INS filed a revision to its tariff with the FCC on June 17, 2013, proposing a small increase in the price of CEA service from \$0.00623 per minute to \$0.00896 per minute. During the 15 day statutory period, the FCC did not initiate a Section 204(a)(1) hearing concerning the lawfulness of the CEA tariff price increase. Therefore, the new CEA tariff price became effective 15 days after it was filed with the FCC.

67. The tariff filing is attached as Exhibit H. In compliance with FCC Rule 61.38, INS also filed with the FCC on June 17, 2013, cost and usage data supporting the increase in the CEA Tariff price. That detailed cost support demonstrated that the CEA Tariff price increase was reasonable in light of the increase in INS’ transport costs, due to the additional mileage that INS is transmitting calls for long distance telephone companies (like AT&T), and the historical trend in declining traffic volumes.

68. AT&T has not filed a petition or complaint at the FCC regarding the increase in the CEA Tariff price. As the CEA Tariff price increase was electronically filed with the FCC on June 17, 2013, AT&T had ample opportunity to review the tariff filing on the FCC’s website before it became effective on July 2, 2013. The FCC also issued a Public Notice regarding the CEA price increase. Public Notice, 2013 FCC LEXIS 2905.

69. INS is bound to collect the CEA Tariff price (the lawful price) under compulsion of statute, breaches of which are punishable by criminal prosecution or the payment of fines to the Government. 47 U.S.C. §§ 203(e) and 501. Section 203(c) of the Communications Act prohibits INS from giving AT&T a preferential price for CEA service. *AT&T v. Central Office Telephone, Inc.*, 524 U.S. 214, 222 (1998). “The policy of non-discriminatory rates is violated when similarly situated customers pay different rates for the same services.” *Id.* at 223. Therefore, when AT&T pays less than the CEA Tariff price, INS is obligated to try to collect the under-payment. 47 U.S.C. § 203(c). State legislatures have enacted similar state laws. Iowa Code § 476.5; Neb. Rev. Stat. § 75-126(1)(e).

70. The AT&T E-mails allege that the *FCC’s USF/ICC Order* allows AT&T to pay less than the lawful and effective tariff price for CEA service already provided to AT&T. Such a claim seeking to pay less than the tariff rate for services rendered in the past is barred as a matter of law. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 656. The Communications Act does not authorize a court to retroactively condemn as unlawful, the tariff price previously established as reasonable and lawful by 47 U.S.C. § 204(a)(3), when the FCC permitted that tariff price to become effective and in force. Therefore, this Court’s consideration of the allegations in the AT&T E-mails could end here.

71. However, should the Court decide to reach the issue of whether the price reductions adopted in the *FCC’s USF/ICC Order* apply to CEA service, it will then be necessary to consider whether the rules adopted by the *FCC’s USF/ICC Order* apply to CEA service. The *FCC’s USF/ICC Order* only addressed access tariff price reductions for LECs that provide local exchange service to end user consumers and businesses, who the LECs can charge higher rates, to offset the lower access tariff prices charged carriers, such as AT&T. The LECs’ ability to

earn additional revenue from end users was critical to the FCC's analysis of whether LECs would continue to earn the constitutionally-required return on regulated investment after reducing the prices they charged AT&T. *FCC's USF/ICC Order*, 26 FCC Rcd at 17997 ¶ 924. By contrast, CEA service cannot earn additional revenue from end users because CEA service is not provided to end users. The 5th Amendment of the Constitution requires an agency to conduct a hearing and apply the "end result" standard to ensure that an agency-prescribed price for regulated service does not have unjust and unreasonable consequences. *Jersey Central Power & Light Co. v. Federal Energy Regulatory Commission*, 810 F.2d 1168, 177-1178 (D.C. Cir. 1987); *see also, Farmers Union Livestock Commission v. Union Pacific Railroad Co.*, 283 N.W. at 505 (holding that the retroactive taking of a lawful tariff price is unconstitutional). The *FCC's USF/ICC Order* not only did not consider whether a reduction in CEA Tariff prices would violate the 5th Amendment, the *FCC's USF/ICC Order* made no findings about CEA prices whatsoever.

72. Because INS does not provide local exchange service to end users, INS is not a LEC for which the *FCC's USF/ICC Order* required tariff price reductions.

73. INS does not provide local exchange service or local telephone service. Local exchange service is defined as "telephone service furnished between customers or users located within an exchange area." 199 Iowa Admin. Code 22.1(3). INS does not provide CEA service to end users. INS also does not provide local telephone service between INS end users located within the same local exchange area. Therefore, INS does not provide local exchange service. Instead, INS serves as an intermediate carrier transmitting calls between AT&T's network and exchanges served by third party LECs. Furthermore, CEA service is provided and billed to carriers, such as AT&T (not end users).

74. The *FCC's USF/ICC Order* also does not apply to the functions performed by CEA service. The focus of the *FCC's USF/ICC Order* is the originating access service and terminating access service provided by LECs to the LECs' end office switches. CEA service does not originate or terminate calls. Instead, CEA service is an intermediate service carrying the traffic on the route between LECs and IXC. As CEA service does not originate or terminate traffic to end offices, it does not provide the originating and terminating access services subject to the *FCC's USF/ICC Order*.

75. The *FCC's USF/ICC Order* adopted FCC Rules 51.907, 51.909, and 51.911, which prescribed price reductions for only three types of LECs: "Price Cap Carrier," "Rate-of-Return Carrier," and "Competitive Local Exchange Carrier." 47 C.F.R. §§ 51.907, 51.909, and 51.911. As INS is not classified under any of these LEC types, these rules do not call for reductions in the price for CEA service.

76. INS is not a "Price Cap Carrier" because INS is not a LEC subject to price cap regulation pursuant to 47 C.F.R. §§ 61.41 through 61.49. Therefore, the tariff price reductions for "Price Cap Carriers" described in FCC Rule 51.907 are inapplicable to CEA service.

77. Because INS is not an incumbent local exchange carrier, INS is also not a "Rate-of-Return Carrier," which is defined as "any incumbent local exchange carrier not subject to price cap regulation." 47 C.F.R. § 51.903(g). INS is not an incumbent local exchange carrier because INS does not provide local exchange service and has not been granted a certificate of public convenience and necessity to do so. An incumbent local exchange carrier is "a utility, or successor to such utility, that was the historical provider of local exchange service pursuant to an authorized certificate of public convenience and necessity." 199 Iowa Admin. Code 22.1(3). *See also, Iowa Network Services, Inc.*, Docket No. SPU-06-12, 2006 Iowa PUC LEXIS 420 *5

(2006) (holding that INS is not an incumbent local exchange carrier). Therefore, because INS is not an incumbent local exchange carrier, the tariff price reductions for “Rate-of-Return Carriers” described in FCC Rule 51.909 are inapplicable to INS and its CEA service.

78. Furthermore, to ensure that “Rate-of-Return Carriers” would be able to earn the constitutionally-required minimum return on regulated investment, the FCC permitted “Rate-of-Return Carriers” to bill a new Access Recovery Charge (“ARC”) to end users. Only incumbent local exchange carriers were allowed to bill an ARC to recover revenues lost from reducing their access rates. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17956 ¶ 847. INS has no end users it could bill an ARC, and because INS is not an incumbent local exchange carrier, the *FCC’s USF/ICC Order* does not authorize INS to bill an ARC in any event. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17957 ¶ 849. Without any cost recovery mechanism to offset a reduction in the price of CEA service, it is implausible that the *FCC’s USF/ICC Order* was intended to subject CEA service to ratemaking designed for incumbent “Rate-of-Return Carriers.” *See also, Connect America Fund*, 2014 FCC LEXIS 1090 ¶ 4 (Mar. 31, 2014) (clarifying that only “incumbent LECs were required to reduce certain intrastate switched access rates that exceeded comparable interstate switched access rates to interstate rate levels using the interstate rate structure”).

79. INS is also not a “Competitive Local Exchange Carrier,” which is defined as “a utility, other than an incumbent local exchange carrier, that provides local exchange service pursuant to an authorized certificate of public convenience and necessity.” 199 Iowa Admin. Code 22.1(3). As INS does not provide local exchange service and has not been granted a certificate of public convenience and necessity to do so, INS is not a “Competitive Local Exchange Carrier.” Furthermore, to ensure they continue to earn the constitutionally-required minimum level of compensation, the FCC permitted Competitive Local Exchange Carriers to

increase end user charges to offset reductions in access rates charged to carriers, such as AT&T. *FCC's USF/ICC Order*, 26 FCC Rcd at 17965 ¶ 864. By contrast, as CEA service is provided only to carriers (and not end users), it is impossible for INS to increase CEA prices for end users in order to reduce them for AT&T. Therefore, the tariff price reductions for "Competitive Local Exchange Carriers" described in FCC Rule 51.911 are inapplicable to CEA service.

80. CEA providers, such as INS, are not the only type of intermediate providers not subject to the ratemaking rules adopted in *FCC's USF/ICC Order*. For example, it is common for long distance telephone companies, like AT&T, to purchase least cost routing services from intermediate providers in order to transmit calls to the LECs' networks. *Rural Call Completion*, 28 FCC Rcd 16154, 16163 (2013). Those intermediate providers of least cost routing services were not required by the *FCC's USF/ICC Order* to reduce the prices they charge AT&T. Like INS, intermediate providers of least cost routing services do not provide local exchange service to end users. AT&T pays inter-carrier compensation to both INS and other intermediate providers to transmit AT&T's calls to the same LECs connected to INS' CEA network. Wireless carriers and VoIP providers are other examples of service providers not subject to the price reductions in the *FCC's USF/ICC Order*.

81. Regardless of how the *FCC's USF/ICC Order* is interpreted, AT&T must pay the CEA Tariff prices because they are "lawful," as a matter of substantive statutory law. Even if AT&T is correct in alleging that the CEA Tariff prices are too high (which they clearly are not), AT&T is still required to pay the CEA Tariff prices so long as they remain effective, because the currently effective prices are lawful. The failure to pay "lawful" tariff prices with respect to services provided and billed in the past is impermissible. *Virgin Islands Telephone Corp. v.*

FCC, 444 F.3d at 669. “Remedies against carriers charging lawful rates later found unreasonable must be prospective only.” *Id.*

82. Only the FCC can revise “lawful” tariff prices (and only prospectively). *Ambassador, Inc. v. United States*, 325 U.S. 317, 324 (1945) (“the objection must be addressed to the Commission and not as an original matter brought to the court”); *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 534 (noting that “the task of determining a reasonable rate is reserved to the exclusive province of the FCC”); *Associated Press v. FCC*, 448 F.2d 1095, 1104 (D.C. Cir. 1971) (holding that “this court has no authority to invade the province of the Commission by ordering it to reject a rate, without a hearing, on the ground that it is unlawfully high”). Therefore, should AT&T bring before this Court, the counterclaims alleged in the AT&T E-mails seeking to pay less than the CEA Tariff rate, such AT&T claims should be dismissed as a matter of law.

(B) Any Regulatory Omissions by a Third Party, like Great Lakes, Do Not Provide A Legal Basis for AT&T to Fail to Pay the Lawful Tariff Rates for CEA Service.

83. Since INS’ September, 2013 invoice, AT&T has not paid INS anything for CEA service when AT&T’s calls are transmitted to Great Lakes’ facilities.

84. Courts have upheld state and federal regulatory decisions holding that, when a LEC, such as Great Lakes, enters into a traffic agreement with INS, the point of interconnection for an interexchange carrier, such as AT&T, to transmit calls to that LEC’s facilities is with the CEA network. *Northwestern Bell Tel. Co. v. Iowa Utilities Board*, 477 N.W.2d at 681, 687.

85. End user consumers have a choice of purchasing local telephone service from incumbent LECs, competitive LECs, or wireless carriers. Those service providers, in turn, have a competitive choice of whether they want to enter into a CEA traffic agreement with INS.

86. Great Lakes has entered into a traffic agreement with INS so that calls to and from Great Lakes' facilities will be transmitted over the CEA network.

87. When a LEC, such as Great Lakes, connects with the CEA network, the FCC has held that it is INS' sole responsibility to provide all transport facilities between the LEC's network and the facilities of long distance telephone companies, like AT&T. *AT&T Corp. v. Alpine Communications, LLC*, 27 FCC Rcd 11511, 11521 ¶ 27 (2012).

88. As AT&T's second counterclaim, the AT&T E-mails assert that Great Lakes has not fully complied with certain regulatory prerequisites permitting the stimulation of access traffic. The *FCC's USF/ICC Order* adopted pricing rules permitting LECs, such as Great Lakes, to stimulate access traffic (which AT&T often refers to as traffic pumping).

89. The status of Great Lakes' regulatory compliance has no bearing on AT&T's obligation to pay the lawful CEA Tariff rates to INS. INS has no responsibility for Great Lakes' acts or omissions. It has been a long-standing FCC policy that "a carrier is responsible only for the services and facilities it provides to its customers, and not for those of a carrier with which it may be interconnected for through service." *AT&T*, 65 F.C.C.2d 624, 637 ¶ 35 (1977). Great Lakes is not an affiliate of INS. Furthermore, Great Lakes is not a party to the tariffed business relationship between INS and AT&T under the CEA Tariffs. Therefore, the status of Great Lakes' regulatory compliance does not provide a legal basis for AT&T to refuse to pay the lawful tariff rates for the CEA service provided by INS.

90. If AT&T has concerns about Great Lakes' regulatory compliance, AT&T should address those concerns to Great Lakes, not refuse to compensate INS for services lawfully rendered. However, AT&T and Great Lakes have settled their dispute over whether Great Lakes

complies with the regulatory prerequisites for access stimulation. AT&T's dismissal of its claims against Great Lakes is attached as Exhibit I.

91. Moreover, recent regulatory agency decisions indicate that Great Lakes now fully complies with the rules permitting access stimulation. For example, the Iowa Utilities Board recently approved a settlement based on assurances from adversarial parties that Great Lakes is “not presently engaged in the provision of the types of high-volume access services that were disputed” and that Great Lakes’ “tariffs will comply prospectively with the FCC’s *Connect America Fund Order*.” *Qwest Communications Corp. v. Superior Telephone Cooperative*, 2014 Iowa PUC LEXIS 44 *5 (2014).

92. However, it is unnecessary for this Court to reach the issue of Great Lakes’ regulatory compliance because such acts or omissions, especially those of unrelated third parties, do not provide a valid legal basis for not paying the tariff price. AT&T is barred as a matter of law from obtaining a preferential (less than tariff) price for CEA service regardless of whether AT&T accuses Great Lakes of unreasonable practices, fraud, willful misconduct, or some other tort. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 532, *quoting AT&T v. Central Office Telephone, Inc.*, 524 U.S. at 227-228 (“[r]espondent can no more obtain unlawful preferences under the cloak of a tort claim than it can by contract”).

93. There is also absolutely no merit to the argument in the AT&T E-mails that the alleged regulatory non-compliance by Great Lakes should result in a total forfeiture of INS’ rights to be compensated for CEA service. Since INS’ September, 2013 invoice, AT&T has not paid INS anything for CEA service that carried AT&T’s calls to Great Lakes’ facilities. Such an extraordinary harsh result is to be avoided when, as here, it is not “explicitly” authorized by any statute or regulation. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 655 (noting that “Forfeitures

are not favored; they should be enforced only when within both letter and spirit of the law”). Furthermore, when either of two constructions can be given to a regulatory scheme, and one of them involves a total forfeiture, the other is to be preferred. *Id.* In this case, the regulatory scheme clearly requires AT&T to pay the CEA Tariff price regardless of the status of Great Lakes’ regulatory compliance.

94. By refusing to properly compensate INS at the lawful tariff rates for CEA service, Defendant is plainly engaging in unlawful conduct that has inflicted significant, and ongoing, harm to INS. Therefore, should AT&T bring before this Court, any counterclaims alleging any pretext for avoiding payment of the CEA Tariff price, those AT&T claims should be dismissed as a matter of law.

COUNT I
(Breach of Federal Tariff)

95. Plaintiff incorporates and re-alleges, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

96. Plaintiff provided CEA service to Defendant.

97. The rates, terms and conditions applicable to CEA service are contained in Plaintiff’s tariff filed with the FCC. That tariff is attached as Exhibit B.

98. The rates, terms, and conditions contained in the CEA Tariff are deemed lawful pursuant to Section 204(a)(3) of the Communications Act, 47 U.S.C. § 204(a)(3).

99. As a matter of statutory law, Defendant is required to pay the prices contained in the CEA Tariff. 47 U.S.C. §§ 203(c) and 204(a)(3).

100. Defendant has received invoices from Plaintiff billing the prices for CEA service contained in the CEA Tariff.

101. Defendant has failed to fully pay the invoices Defendant has received from Plaintiff for CEA service.

102. Defendant has breached the CEA Tariff by failing to fully pay the CEA Tariff prices for the CEA service that Plaintiff provided to Defendant.

103. Plaintiff has lost the value of the use of the money owed but not paid for CEA service.

104. The CEA Tariff requires the payment of late payment penalties on past due amounts. *See* Exhibit B, Original Page 41.

105. The CEA Tariff requires Defendant to pay damages (direct, consequential, and punitive), attorneys' fees, and court costs incurred by Plaintiff due to "any act or omission of the customer in the course of using services provided under this tariff." *See* Exhibit B, Original Page 31.

106. Plaintiff is also entitled to recover its reasonable attorneys' fees pursuant to Section 206 of the Communications Act, 47 U.S.C. § 206. *MCI Telecommunications Corp. v. Teleconcepts, Inc.*, 71 F.3d 1086, 1102 (3rd Cir. 1995).

107. Plaintiff has been damaged and continues to be damaged by Defendant's refusal to pay the CEA Tariff prices. Plaintiff is entitled to recover damages (direct, consequential, and punitive), late payment interest, attorneys' fees, costs of suit, and such other relief as may be established at trial.

COUNT II
(Breach of State Tariffs)

108. Plaintiff incorporates and re-alleges, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

109. Plaintiff provided CEA service to Defendant.

110. The rates, terms and conditions applicable to CEA service are contained in Plaintiff's tariffs filed with the Nebraska Public Service Commission and the Iowa Utilities Board. Copies of those tariffs are attached as Exhibits C and D.

111. As a matter of statutory law, Defendant is required to pay the prices contained in the CEA Tariffs. Iowa Code § 476.5; Neb. Rev. Stat. § 75-126(1)(e).

112. Defendant has received invoices from Plaintiff billing the prices for CEA service contained in the CEA Tariffs.

113. Defendant has failed to fully pay the invoices Defendant has received from Plaintiff for CEA service.

114. The existence of a billing dispute does not excuse Defendant from paying the tariff rates. The CEA Tariffs require Defendant to pay both the disputed and undisputed portions of INS' invoices. "[T]he customer will, notwithstanding the continuing existence of the dispute, pay the billed amount." *See* Exhibit C, Original Page 42; Exhibit D, Original Page 59.

115. Defendant has breached the CEA Tariffs by failing to fully pay the CEA Tariff prices for the CEA service that Plaintiff provided to Defendant.

116. Plaintiff has lost the value of the use of the money owed but not paid for CEA service.

117. The CEA Tariffs require the payment of late payment penalties on past due amounts. *See* Exhibit C, Original Page 65; Exhibit D, Original Page 83.

118. The CEA Tariffs require Defendant to pay damages (direct, consequential, and punitive), attorneys' fees, and court costs incurred by Plaintiff due to "any act or omission of the customer in the course of using services provided under this tariff." *See* Exhibit C, Original Page

48; Exhibit D, Original Page 66; *see also*, *MCI Telecommunications Corp. v. Teleconcepts, Inc.*, 71 F.3d at 1102.

119. Plaintiff has been damaged and continues to be damaged by Defendant's refusal to pay the CEA Tariff prices. Plaintiff is entitled to recover damages (direct, consequential, and punitive), late payment interest, attorneys' fees, costs of suit, and such other relief as may be established at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, and requests that the Court:

1. Enter judgment against AT&T for direct and consequential damages incurred by INS, in an amount to be determined at trial, but no less than the actual billed amounts, together with associated tariffed late payment penalties, prejudgment interest, and court costs;
2. Award INS reasonable attorneys' fees;
3. Award INS punitive and other damages as appropriate;
4. Issue a permanent injunction barring Defendant from continuing to engage in the illegal conduct alleged herein and directing Defendant to fully pay Plaintiff's tariff rates for CEA service in the future; and
5. Grant such other relief as this Court deems just and proper.

Respectfully submitted,

s/ Robert Levy

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ATTORNEYS FOR PLAINTIFF IOWA
NETWORK SERVICES, INC.

May 30, 2014

Exhibit 45

**AT&T Answer and Counterclaims,
INS v. AT&T Corp., No. 14-3439
(D.N.J. Aug. 4, 2014)**

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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

IOWA NETWORK SERVICES, INC., an	:	Civil Action No. 14-3439 (JAP-LHG)
Iowa corporation,	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
AT&T CORP.,	:	
	:	
Defendant.	:	
	:	

DEFENDANT'S ANSWER AND COUNTERCLAIMS

Defendant AT&T Corp. ("AT&T") respectfully submits this Answer and Counterclaims to the Complaint brought by Plaintiff Iowa Network Services, Inc. ("INS" or "Plaintiff").

ANSWER¹

1. Plaintiff Iowa Network Services, Inc. ("INS"), by its attorneys, brings this Complaint against Defendant AT&T Corp. ("AT&T" or "Defendant") and alleges as follows:

RESPONSE: AT&T admits that INS is bringing a complaint against AT&T. AT&T denies the remaining allegations in this paragraph.

¹ AT&T restates the allegations of the Complaint for the convenience of the parties, but by doing so does not adopt or acknowledge the validity of those allegations except as specifically set forth herein.

2. INS brings this action against AT&T to recover on an account for the Centralized Equal Access ("CEA") service that INS has provided and billed to AT&T, but for which AT&T has not fully compensated INS.

RESPONSE: AT&T admits that INS has instituted this action to collect payments for a service generally known as "switched access service." AT&T further admits that the service INS purports to provide and to bill to AT&T may also sometimes be described as "Centralized Equal Access Service ("CEA"), which can consist of various elements including access tandem switching, switched transport, and signaling. AT&T avers that CEA service is a regulated switched access service, and that providers of such service are Local Exchange Carriers ("LECs"), subject to the FCC's rules, including those set forth in *Connect America Fund*, 26 FCC Rcd. 17663 (2011). AT&T denies the remaining allegations in this paragraph.

3. The statement of account is attached as Exhibit A.

RESPONSE: AT&T admits that Exhibit A to the Complaint purports to be a statement of account showing dollar amounts AT&T owes to INS; however, AT&T denies that AT&T owes INS any moneys and, as described below, AT&T is in fact entitled to refunds, damages, and other relief from INS.

4. The statement of account attached as Exhibit A is accurate. The amounts that were billed by INS and the amounts that have not been paid by AT&T are accurately set forth in the statement of account.

RESPONSE: AT&T admits that it made certain payments to INS and withheld certain other payments; the withheld payments, and some of the payments it made, were unlawfully billed under the tariffs and/or the Federal Communications Commission's ("FCC") rules. AT&T denies that the statement of account attached to the Complaint as Exhibit A is accurate and also denies the remaining allegations in this paragraph.

5. This Court has jurisdiction over this action pursuant to: (a) 28 U.S.C. §§ 1331 and 1337, because Plaintiff's claims arise under Section 203 of the Communications Act, 47 U.S.C. § 203; (b) 28 U.S.C. § 1332, because the parties are citizens of different states and the amount in

controversy exceeds \$75,000; and (c) 47 U.S.C. § 207, which vests the district courts with jurisdiction to hear suits seeking monetary damages under the Communications Act. Collection of unpaid charges for service under the federal CEA Tariff arises under the Communications Act because the claim relies upon a tariff which is required by that federal statute to be filed with the Federal Communications Commission ("FCC"). *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d 651, 654 (3rd Cir. 2003). Furthermore, an act of Congress, 47 U.S.C. § 204(a)(3), declared the CEA Tariff prices to be lawful.

RESPONSE: AT&T admits that this Court has subject matter jurisdiction over an action to collect on a federal tariff filed with the FCC pursuant to the Communications Act. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T otherwise denies the remaining allegations in this paragraph.

6. A court is the only forum where Plaintiff can bring a suit against a customer of its CEA service, like Defendant. This collection action could not have been filed with the FCC. The FCC has repeatedly held that it lacks jurisdiction to consider a complaint against a customer, and that the proper forum for recovery of charges due under the terms of a tariff is the federal district court. *U.S. Telepacific Corp. v. Tel-America of Salt Lake City, Inc.*, 19 FCC Rcd 24552, 24555-56 ¶ 8 (2004). Moreover, in declining jurisdiction over collection actions, the FCC has specifically recognized that "issues of tariff interpretation are well within the expertise of the District Court." *Id.*, 19 FCC Rcd at 24556 n. 31.

RESPONSE: AT&T admits, as a general matter, that a common carrier may not file a collection action against a customer at the FCC. To the extent that the allegations in this paragraph purport to characterize FCC orders and decisions, AT&T respectfully refers the Court to such orders and decisions for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

7. This Court also has supplemental jurisdiction over breach of state tariff claims pursuant to 28 U.S.C. § 1367(a).

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

8. Venue is proper in this judicial district because Defendant AT&T's principal place of business is located in Bedminster, New Jersey. INS sent invoices for CEA service to AT&T in New Jersey. This collection action arises from the decisions that AT&T made in New Jersey to refuse payment of INS' invoices for CEA service. The AT&T employees that reviewed INS' invoices, analyzed the CEA Tariffs, made the decision to breach those tariffs, and improperly disputed INS' invoices are located in New Jersey. For example, the AT&T e-mails refusing to pay the CEA Tariff rates were written by Jack Habiak, who is located in New Jersey. As the acts and omissions by AT&T that gave rise to INS' tariff claims occurred in New Jersey, AT&T's breach of the CEA Tariffs occurred in New Jersey.

RESPONSE: AT&T admits that venue is proper in this judicial district and that its principal place of business is located in Bedminster, New Jersey. AT&T also admits that i) it received certain invoices from INS and ii) some of AT&T's employees, including Mr. Jack Habiak, with knowledge of this dispute are located in New Jersey. AT&T denies the remaining allegations in this paragraph.

9. This Court has personal jurisdiction over Defendant AT&T because AT&T does business throughout New Jersey, and its principal place of business is located in Bedminster, New Jersey.

RESPONSE: AT&T admits the allegations in this paragraph.

10. This suit is timely because it is being filed prior to the expiration of the two year statute of limitations set forth in Section 415(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 415(a).

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

11. Plaintiff INS is a CEA service provider incorporated in the State of Iowa, and has its principal place of business in West Des Moines, Iowa.

RESPONSE: AT&T admits that INS provides regulated switched access services. AT&T lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and they are therefore denied.

12. INS provides CEA service to Illinois, Minnesota, Iowa, Missouri, Nebraska, and South Dakota.

RESPONSE: AT&T lacks knowledge and information sufficient to form a belief as to the truth of the allegations in this paragraph, and they are therefore denied.

13. Defendant AT&T Corp. is a New York corporation with its principal place of business in Bedminster, New Jersey. AT&T Corp. provides interstate long distance telephone service to customers located in several states, including customers located in New Jersey, Illinois, Minnesota, Iowa, Missouri, Nebraska, and South Dakota

RESPONSE: AT&T admits the allegations in this paragraph.

14. CEA service is one of the telecommunications services provided by INS. CEA service is provided to other telecommunications carriers. CEA service is not provided to individual consumers or end users.

RESPONSE: AT&T admits that INS purports to provide regulated switched access service, and that some of its services are described as CEA. AT&T lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and they are therefore denied.

15. CEA service provides AT&T with the use of INS' 2,700 mile fiber optic cable network and access tandem switches to complete AT&T's long distance telephone calls. CEA service acts as a bridge between the networks of long distance telephone companies, like AT&T, and the local exchange networks of more than 140 local exchange carriers ("LECs").

RESPONSE: AT&T admits that CEA service can provide long distance carriers (also known as interexchange carriers, or "IXCs") with the use of INS's access tandem switching, and other switched access services to complete certain long distance telephone calls. AT&T further admits, as a general matter, that CEA service can be used to transport traffic between the

networks of long distance telephone companies and the local exchange networks of LECs. AT&T denies, however, that it is required to use INS's CEA traffic in all circumstances for calls to all LECs, such as Competitive Local Exchange Carriers ("CLECs"). AT&T lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and they are therefore denied.

16. The FCC and the Iowa Utilities Board granted authorizations to INS to provide CEA service, and those authorizations continue to govern INS' operations today. *Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations to Lease Transmission Facilities to Provide Access Service to Interexchange Carriers in the State of Iowa*, Memorandum Opinion, Order and Certificate, 3 FCC Rcd. 1468, 1471 ¶¶ 21, 23 (1988) ("Federal Certificate"), *aff'd on recon.*, 4 FCC Rcd 2201 (1989); *Iowa Network Access Division, Division of Iowa Network Services*, Iowa Utilities Board Docket No. RPU-88-2, 1988 Iowa PUC LEXIS 1 (1988) ("State Authorization"), *aff'd on appeal*, *Northwestern Bell Tel. Co. v. Iowa Utilities Board*, 477 N.W.2d 678, 681 (Iowa 1991). The *Federal Certificate* and *State Authorization* require interexchange carriers, like AT&T, to deliver their calls to the INS CEA network, when the calls are destined for a LEC that has chosen to enter into a traffic agreement with INS. *Federal Certificate*, 3 FCC Rcd. at 1473 ¶ 33 (holding that "We do not believe that the mandatory termination requirement for interstate traffic is unreasonable or differs substantially from the normal way access is provided"); *State Authorization* at *12 ("The participating telephone companies will be allowed to route their traffic pursuant to their participation agreement with INS").

RESPONSE: AT&T admits as a general matter that in the 1980s the FCC and the Iowa Utilities Board granted authorizations to INS to operate. To the extent that the allegations in this paragraph otherwise purport to characterize these agencies' orders and decisions, AT&T respectfully refers the Court to the orders and decisions for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

17. AT&T does not operate local exchange facilities in the states where INS offers CEA service, and AT&T's long distance network does not extend to the LECs' networks connected to INS' CEA service.

RESPONSE: AT&T admits, as a general matter, that it is sometimes true that AT&T's long distance network does not extend to some LECs' networks connected to INS's CEA service. AT&T denies the remaining allegations in this paragraph.

18. Long distance telephone companies, like AT&T, are also referred to as "interexchange carriers" or "IXCs."

RESPONSE: AT&T admits the allegations in this paragraph.

19. INS owns wires and facilities that span the distance between AT&T's long distance network and the LECs' networks connected to INS' CEA service.

RESPONSE: AT&T admits that INS is a LEC providing a portion of regulated switched access service to AT&T. AT&T denies the remaining allegations in this paragraph.

20. Beginning with INS' September, 2013 invoice (for CEA service provided in August, 2013), AT&T has withheld payment of some amounts billed by INS for CEA service.

RESPONSE: AT&T admits that, beginning in September 2013, it made certain payments to INS and withheld certain other payments; the withheld payments, and some of the payments it made, were unlawfully billed under the tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

21. During the period of time for which AT&T has been withholding payment, INS has provided CEA service to AT&T.

RESPONSE: AT&T denies that INS has lawfully provided AT&T with CEA service pursuant to a lawful tariff and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

22. AT&T has used the CEA service provided by INS to complete the telephone calls of AT&T's customers.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the

FCC's rules for any services that INS provided in connection with such calls. AT&T denies the allegations in this paragraph.

23. Since August 1, 2013, AT&T has routed calls over INS' facilities.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the allegations in this paragraph.

24. CEA service involves AT&T's use of INS' facilities between a LEC's network and AT&T's long distance network to enable an AT&T customer located in the LEC's service area to place a long distance call.

RESPONSE: AT&T admits, as a general matter, that CEA service is a regulated switched access service provided by LECs that can be used in completing certain long distance telephone calls. AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

25. During the period of time for which AT&T has been withholding payment, INS carried calls placed by some of AT&T's customers that were routed to AT&T's long distance network.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the

FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

26. Since August 1, 2013, INS provided switching and transport for certain calls placed by AT&T's customers that were routed to AT&T's long distance network.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

27. CEA service also involves AT&T's use of INS' facilities between AT&T's long distance network and a LEC's network to enable an AT&T customer to complete long distance calls to phones and other equipment located in the town where the LEC provides local telephone service.

RESPONSE: AT&T admits, as a general matter, that CEA service is a regulated access service provided by LECs that can be used in completing long distance telephone calls. AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

28. During the period of time for which AT&T has been withholding payment, INS received calls from AT&T's long distance network and carried those calls to the LECs' networks connected to INS' CEA service.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the

FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

29. Since August 1, 2013, INS provided switching and transport for certain calls received from AT&T's long distance network that were routed to LECs' networks connected to INS' CEA service.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

30. Since August 1, 2013, INS has provided CEA service to AT&T.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T denies the remaining allegations in this paragraph.

31. The prices and other terms governing CEA service are contained in tariffs filed with the FCC and state regulatory agencies.

RESPONSE: AT&T admits, as a general matter, that INS, like other LECs, files tariffs with the FCC and with state regulatory agencies, and that these tariffs contain prices and other terms governing service. AT&T denies the remaining allegations in this paragraph.

32. Copies of the CEA tariffs are attached as Exhibits B, C, and D (herein referred to as the "CEA Tariffs").

RESPONSE: AT&T admits that Exhibits B, C, and D to the Complaint are purported copies of the tariffs. AT&T denies that these tariffs are lawful and/or consistent with the FCC's rules. AT&T denies the remaining allegations in this paragraph.

33. The interpretation and application of a tariff present a question of law. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d 525, 534 (3rd Cir. 2006); *Farmers Union Livestock Commission v. Union Pacific Railroad Co.*, 283 N.W. 498, 504 (Neb. 1939) (holding that a tariff rate has "the force of a statute").

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

34. AT&T paid the prices in the CEA Tariffs prior to the September, 2013 invoice.

RESPONSE: AT&T admits that it paid certain charges billed pursuant to INS's tariffs prior to the September 2013 invoice, including charges that INS unlawfully billed. AT&T denies the remaining allegations in this paragraph.

35. AT&T has paid the prices in the CEA Tariffs for more than 20 years.

RESPONSE: AT&T admits that INS has been in operation since about the 1980s, and also admits that, as a general matter, AT&T has in certain past years paid for INS's tariffed services, but such payments were owed only when INS had lawful tariffs and when INS properly billed AT&T under those tariffs, the Communications Act, state law, and governing rules of the FCC and other regulatory agencies. AT&T denies the remaining allegations in this paragraph.

36. AT&T fully paid INS' August, 2013 invoice and previous invoices for CEA Service.

RESPONSE: AT&T admits it paid certain charges billed pursuant to INS's tariffs prior to the September 2013 invoice, including charges that INS unlawfully billed. AT&T denies the remaining allegations in this paragraph.

37. The CEA Tariffs were properly filed with the FCC and state regulators.

RESPONSE: AT&T denies the allegations in this paragraph.

38. The CEA Tariffs are currently effective.

RESPONSE: AT&T denies the allegations in this paragraph.

39. INS has sent monthly invoices to AT&T for CEA service.

RESPONSE: AT&T admits that it has received monthly invoices from INS. AT&T denies that these invoices were lawfully billed pursuant to INS's tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

40. The prices that INS billed AT&T for CEA service since September 1, 2013, are the same prices that are currently effective in the CEA Tariffs.

RESPONSE: AT&T denies that INS has valid and effective tariffs on file with the FCC or state regulators, and denies that the prices in those tariffs are effective, just, or reasonable. AT&T denies the remaining allegations in this paragraph.

41. The dollar amounts billed by INS, as set forth in the statement of account (attached as Exhibit A), can be calculated by applying the prices in the CEA Tariffs to AT&T's minutes-of-use for CEA service.

RESPONSE: AT&T admits, as a general matter, that bills for access service are often determined by calculating the number of minutes of service used at the rates set forth in the applicable tariffs. However, AT&T denies that INS's tariffs or rates are lawful. AT&T denies the remaining allegations in this paragraph.

42. AT&T has failed to fully pay INS' September, 2013 invoice and subsequent invoices for CEA service.

RESPONSE: AT&T admits, as a general matter, that since September 2013, it made certain payments to INS and withheld certain other payments; the withheld payments, and some

of the payments it made, were unlawfully billed under the tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

43. AT&T continues to take CEA service from INS.

RESPONSE: AT&T admits that its customers have placed and/or received some long distance calls that have also been carried in part over INS's facilities, but AT&T denies that INS has valid tariffs and also denies that INS has properly billed AT&T under INS's tariffs and/or the FCC's rules for any services that INS provided in connection with such calls. AT&T avers that it would prefer not to use INS's service for certain telephone calls. AT&T denies the remaining allegations in this paragraph.

44. Since August 1, 2013, AT&T has received payments from AT&T's customers who placed calls that were carried, in part, by INS' CEA network.

RESPONSE: As a general matter, AT&T admits that payments AT&T receives from its customers are governed by separate agreements AT&T has with its customers, and whether AT&T is entitled to payment under those agreements is, as a general matter, unrelated to whether or how AT&T is billed for switched access services by INS or other LECs. AT&T further admits that, as a general matter, it is often entitled to payments from its customers even when a LEC providing a switched access service to AT&T on calls to its customers improperly bills AT&T for the access services under the relevant tariffs, contracts, or governing law. Consequently, AT&T avers that its agreements with its customers, and any payments to which AT&T may be entitled under those agreements, are irrelevant to this action. As to any specific payments from its customers that may have in part involved INS's improperly billed services, AT&T at this juncture lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and they are therefore denied.

45. FCC regulations preclude INS from discontinuing CEA service to AT&T for nonpayment. *Connect America Fund*, 26 FCC Rcd 17663, 18028 ¶ 973 (2011) (“FCC’s USF/ICC Order”).

RESPONSE: AT&T admits that INS’s switched access services are generally subject to the FCC’s rules and regulations in the FCC’s order entitled *Connect America Fund*, 26 FCC Rcd 17663 (2011), and specifically to the provisions in the rules that preclude INS from raising its rates above the levels existing on December 29, 2011. AT&T denies the remaining allegations in this paragraph.

46. Furthermore, AT&T has not notified INS that it wants INS to disconnect AT&T from the INS CEA network.

RESPONSE: AT&T admits that it has not taken the position that INS should entirely disconnect AT&T’s facilities from INS’s facilities, and thus AT&T has never made such a request to INS. In fact, AT&T avers that AT&T generally may not take steps to block traffic to and from a particular LEC on the grounds that the LEC is engaged in access stimulation. However, AT&T denies that it has not requested INS to make available to AT&T more efficient and more reasonable arrangements for transporting traffic to LECs involved in access stimulation. AT&T avers that it was told by INS that AT&T would effectively pay INS the same amounts for transport even if INS were not providing CEA services on traffic to LECs engaged in access stimulation. AT&T denies any remaining allegations in this paragraph

47. On November 8, 2013 and February 28, 2014, Jack Habiak, an AT&T employee, sent e-mails to INS stating that AT&T will not pay the prices in the CEA Tariffs (hereinafter referred to as the “AT&T E-mails”). Those e-mails are attached as Exhibits E and F. INS’ response to the AT&T E-mails is attached as Exhibit G.

RESPONSE: AT&T admits that Exhibits E, F, and G to the Complaint are correspondence between AT&T and INS. To the extent that the allegations in this paragraph purport to characterize the contents of this correspondence, AT&T respectfully refers the Court

to the correspondence for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations.

48. The AT&T E-mails generally allege two counterclaims: (1) that the CEA Tariff prices are too high; and (2) that Great Lakes Communications ("Great Lakes"), an unaffiliated third party LEC to which AT&T is sending calls, is not fully complying with certain regulations applicable to Great Lakes. These counterclaims are meritless as a matter of law.

RESPONSE: AT&T states that it had not yet filed counterclaims when the Complaint was filed. To the extent that the allegations in this paragraph purport to characterize the contents of AT&T's emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies that any potential "counterclaims" mentioned in the referenced emails are meritless as a matter of law. AT&T denies the remaining allegations in this paragraph.

49. INS is a common carrier. Furthermore, the CEA service provided by INS is a telecommunications service.

RESPONSE: AT&T admits that INS is a common carrier. AT&T admits that the switched access services provided by INS, including any services that are generally described as CEA service, are telecommunications services. AT&T denies the remaining allegations in this paragraph.

50. As a common carrier, INS has a statutory duty to establish a physical connection with AT&T, and "to establish through routes and charges applicable thereto and the divisions of such charges." Communications Act of 1934, as amended, 47 U.S.C. § 201(a).

RESPONSE: AT&T admits that INS is a common carrier. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

51. The CEA network provides a "through route" between AT&T's long distance network and the networks of other carriers, such as LECs.

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

52. Tariffs are filed at the FCC containing the prices that are charged to other carriers, such as AT&T, for transmitting calls over a through route. 47 U.S.C. § 203(a).

RESPONSE: AT&T admits, as a general matter, that tariffs containing prices charged to carriers are filed with the FCC. AT&T denies the remaining allegations in this paragraph.

53. The CEA Tariffs (attached as Exhibits B, C, and D) contain the prices for the through route that the CEA network provided (and continues to provide) to AT&T.

RESPONSE: AT&T admits that INS filed tariffs containing its prices, and that copies of these purported tariffs are attached as Exhibits B, C, and D to the Complaint. AT&T denies these tariffs are lawful and denies the remaining allegations in this paragraph.

54. INS is required to make a tariff filing at least every two years that includes a cost study and other data supporting the lawfulness of the CEA Tariff prices. Cost and traffic data determine whether the CEA Tariff prices should be increased or decreased. The data that INS must file with the FCC to support a CEA Tariff price increase are described in FCC Rule 61.38, 47 C.F.R. § 61.38.

RESPONSE: AT&T admits that INS files tariffs pursuant to FCC Rule 61.38, 47 C.F.R. § 61.38. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. To the extent that the allegations in this paragraph purport to characterize the rules and regulations governing tariff filings, AT&T respectfully refers the Court to such rules and regulations for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

55. FCC Rule 61.38 applies to dominant carriers.

RESPONSE: AT&T admits that FCC Rule 61.38 applies to dominant carriers and further avers that carriers filing under FCC Rule 61.38 are rate of return regulated Incumbent Local Exchange Carriers (“ILECs”).

56. INS is classified as a dominant carrier in its provision of CEA service.

RESPONSE: AT&T admits that INS is classified as a dominant carrier with respect to its access services. AT&T denies the remaining allegations in this paragraph.

57. FCC Rule 69.3(f)(1), 47 C.F.R. § 69.3(f)(1), requires tariff prices calculated pursuant to FCC Rule 61.38 to be filed at least every two years. However, this requirement does not preclude tariff price adjustments to be filed more frequently. 47 C.F.R. § 69.3(b).

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the rules and regulations governing tariff filings, AT&T respectfully refers the Court to such rules and regulations for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

58. When the FCC is concerned about the lawfulness of an increase in a tariff price, the FCC may suspend and investigate the tariff price increase. 47 U.S.C. § 204(a).

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

59. The current prices in the CEA Tariffs have not been suspended or rejected by the FCC.

RESPONSE: AT&T admits that the current prices in the tariffs have not been suspended or rejected by the FCC. However, AT&T denies that the FCC’s failure to suspend or reject a tariff precludes a subsequent finding that INS is acting unreasonably or unlawfully in

operating under such tariff. AT&T also avers that, under the Communications Act and the FCC's rules, INS was barred from filing tariffs with the current rates, which the FCC has previously said could not be filed and are unjust and unreasonable.

60. A tariff can be retroactively stripped of its lawful status and rendered *void ab initio* only when the FCC has expressly made "mandatory detariffing a retroactive punishment." *Paetec Communications, Inc. v. MCI Communications Services, Inc.*, 712 F. Supp. 2d 405, 421 (E.D. Pa. 2010), *appeal withdrawn*, No. 11-2268 (3rd Cir. 2012). The FCC has never created such a retroactive punishment for CEA service. Instead of detariffing, the FCC has classified CEA service as a dominant carrier service for which tariff prices must be revised at least every two years in accordance with FCC Rule 61.38.

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

61. As its first counterclaim, the AT&T E-mails allege that the prices in the CEA Tariffs "are unjust and unreasonable pursuant to Section 201(b) of the Telecommunications Act." The AT&T E-mails also contend that the *FCC's USF/ICC Order* required INS to cap its interstate price for CEA service and reduce its intrastate price for CEA service.

RESPONSE: AT&T states that it had not yet filed counterclaims when the Complaint was filed. Further, to the extent that the allegations in this paragraph purport to characterize the contents of AT&T's emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

62. This first counterclaim fails to allege a cognizable claim because the *FCC's USF/ICC Order* did not address CEA service and the prices in the CEA Tariffs are just and reasonable as a matter of federal law. The application of the CEA Tariffs is a question of law. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 534. INS' federal tariff was filed with the FCC pursuant to the procedures established by Congress at 47 U.S.C. § 204(a)(3) for a tariff to be "deemed lawful." Prices and other terms contained in a lawful tariff are "just and reasonable" as a matter of law. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d 666, 669 (D.C. Cir. 2006). 47 U.S.C. § 201(b) only prohibits unreasonable or unlawful tariff prices.

RESPONSE: AT&T states that it had not yet filed counterclaims when the Complaint was filed. AT&T denies that the referenced “counterclaim” fails to allege a cognizable claim. Further, to the extent that the allegations in this paragraph purport to characterize the contents of AT&T’s emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph purport to characterize the FCC’s order, AT&T respectfully refers the Court to the order for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

63. There are only two ways for a tariff price to become substantively lawful. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669. The tariff price can be adjudged lawful in a hearing before the FCC, or the price can be made a lawful – that is, a reasonable – price by statute, 47 U.S.C. § 204(a)(3).

RESPONSE: To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

64. When the FCC reviewed the CEA Tariff price and allowed it to become effective under 47 U.S.C. § 204(a)(3), the CEA Tariff price was made by statute a lawful price. Furthermore, the CEA Tariff price will remain lawful for so long as that tariff price remains effective. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 (holding that a “tariff that takes effect without prior suspension or investigation is conclusively presumed to be reasonable and thus, a lawful tariff during the period that the tariff remains in effect”).

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

65. 47 U.S.C. § 204(a)(3) provides that a tariff price increase is lawful unless the FCC “takes action under 47 U.S.C. § 204(a)(1)” within 15 days after the tariff price increase is filed

with the FCC. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669 n. 2. Section 204(a)(1) grants the FCC authority to “enter upon a hearing concerning the lawfulness [of a tariff].” *Id.*

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the statute, AT&T respectfully refers the Court to the statute for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

66. INS filed a revision to its tariff with the FCC on June 17, 2013, proposing a small increase in the price of CEA service from \$0.00623 per minute to \$0.00896 per minute. During the 15 day statutory period, the FCC did not initiate a Section 204(a)(1) hearing concerning the lawfulness of the CEA tariff price increase. Therefore, the new CEA tariff price became effective 15 days after it was filed with the FCC.

RESPONSE: AT&T admits that INS filed a revision to its tariff with the FCC on June 17, 2013, proposing an increase in the price of its service of approximately 43%. AT&T admits as a general matter that the FCC did not investigate whether INS’s specific price increase was unlawful but AT&T denies that any such investigation or hearing was necessary or required, because the FCC had already broadly held that price increases for access services were unlawful, unjust, and, unreasonable. Such unlawful, unjust or unreasonable price increases do not become lawful merely because of the passage of time. Consequently, AT&T denies that the new INS tariff prices became effective and/or valid. AT&T denies the remaining allegations in this paragraph.

67. The tariff filing is attached as Exhibit H. In compliance with FCC Rule 61.38, INS also filed with the FCC on June 17, 2013, cost and usage data supporting the increase in the CEA Tariff price. That detailed cost support demonstrated that the CEA Tariff price increase was reasonable in light of the increase in INS’ transport costs, due to the additional mileage that INS is transmitting calls for long distance telephone companies (like AT&T), and the historical trend in declining traffic volumes.

RESPONSE: AT&T admits that a copy of the purported tariff filing is attached as Exhibit H to the Complaint. AT&T further admits that INS files tariffs pursuant to FCC Rule 61.38. AT&T admits that Exhibit H to the Complaint purports to be INS's filing with the FCC on June 17, 2013, but AT&T lacks knowledge and information sufficient to form a belief as to the content and timing of that filing, and this allegation is therefore denied. AT&T admits that INS has filed cost or usage data with the FCC, but AT&T denies (among other things) that INS's data is accurate and/or supports any increase in INS's tariffed prices, particularly since increases above the caps set by the FCC are unlawful. AT&T denies the remaining allegations in this paragraph.

68. AT&T has not filed a petition or complaint at the FCC regarding the increase in the CEA Tariff price. As the CEA Tariff price increase was electronically filed with the FCC on June 17, 2013, AT&T had ample opportunity to review the tariff filing on the FCC's website before it became effective on July 2, 2013. The FCC also issued a Public Notice regarding the CEA price increase. Public Notice, 2013 FCC LEXIS 2905.

RESPONSE: AT&T admits, as a general matter, that it has not filed a petition or complaint at the FCC regarding INS's increase in its tariff price, but AT&T denies that any such petition or complaint was necessary or required because the FCC had already ordered that such price increases were unlawful, unjust, and unreasonable. Such unlawful, unjust, or unreasonable price increases do not become lawful merely because of the passage of time. Consequently, AT&T denies that the new INS tariff prices became effective and/or valid. AT&T denies the second sentence of paragraph 68. AT&T admits that the FCC issued a Public Notice regarding INS's 2013 tariff filing. AT&T denies the remaining allegations in this paragraph.

69. INS is bound to collect the CEA Tariff price (the lawful price) under compulsion of statute, breaches of which are punishable by criminal prosecution or the payment of fines to the Government. 47 U.S.C. §§ 203(e) and 501. Section 203(c) of the Communications Act prohibits INS from giving AT&T a preferential price for CEA service. *AT&T v. Central Office Telephone, Inc.*, 524 U.S. 214, 222 (1998). "The policy of non-discriminatory rates is violated when similarly situated customers pay different rates for the same services." *Id.* at 223.

Therefore, when AT&T pays less than the CEA Tariff price, INS is obligated to try to collect the under-payment. 47 U.S.C. § 203(c). State legislatures have enacted similar state laws. Iowa Code § 476.5; Neb. Rev. Stat. § 75-126(1)(e).

RESPONSE: AT&T denies that INS is compelled to collect unjust and unreasonable prices; to the contrary, it is forbidden from doing so. To the extent that the allegations in this paragraph purport to characterize court orders or statutes, AT&T respectfully refers the Court to such orders or statutes for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

70. The AT&T E-mails allege that the *FCC's USF/ICC Order* allows AT&T to pay less than the lawful and effective tariff price for CEA service already provided to AT&T. Such a claim seeking to pay less than the tariff rate for services rendered in the past is barred as a matter of law. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 656. The Communications Act does not authorize a court to retroactively condemn as unlawful, the tariff price previously established as reasonable and lawful by 47 U.S.C. § 204(a)(3), when the FCC permitted that tariff price to become effective and in force. Therefore, this Court's consideration of the allegations in the AT&T E-mails could end here.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the contents of AT&T's emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

71. However, should the Court decide to reach the issue of whether the price reductions adopted in the *FCC's USF/ICC Order* apply to CEA service, it will then be necessary to consider whether the rules adopted by the *FCC's USF/ICC Order* apply to CEA service. The *FCC's USF/ICC Order* only addressed access tariff price reductions for LECs that provide local exchange service to end user consumers and businesses, who the LECs can charge higher rates, to offset the lower access tariff prices charged carriers, such as AT&T. The LECs' ability to earn additional revenue from end users was critical to the FCC's analysis of whether LECs would continue to earn the constitutionally-required return on regulated investment after reducing the prices they charged AT&T. *FCC's USF/ICC Order*, 26 FCC Rcd at 17997 ¶ 924. By contrast, CEA service cannot earn additional revenue from end users because CEA service is not provided to end users. The 5th Amendment of the Constitution requires an agency to conduct a hearing and

apply the “end result” standard to ensure that an agency-prescribed price for regulated service does not have unjust and unreasonable consequences. *Jersey Central Power & Light Co. v. Federal Energy Regulatory Commission*, 810 F.2d 1168, 177-1178 (D.C. Cir. 1987); *see also*, *Farmers Union Livestock Commission v. Union Pacific Railroad Co.*, 283 N.W. at 505 (holding that the retroactive taking of a lawful tariff price is unconstitutional). The *FCC’s USF/ICC Order* not only did not consider whether a reduction in CEA Tariff prices would violate the 5th Amendment, the *FCC’s USF/ICC Order* made no findings about CEA prices whatsoever.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the FCC’s order, AT&T respectfully refers the Court to that order for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach. AT&T denies the remaining allegations in this paragraph.

72. Because INS does not provide local exchange service to end users, INS is not a LEC for which the *FCC’s USF/ICC Order* required tariff price reductions.

RESPONSE: AT&T lacks knowledge and information sufficient to form a belief as to whether INS does not provide local exchange service to end users, and this allegation is therefore denied. AT&T denies that INS is not a LEC for which the *FCC’s USF/ICC Order* required tariff price reductions. AT&T denies the remaining allegations in this paragraph.

73. INS does not provide local exchange service or local telephone service. Local exchange service is defined as “telephone service furnished between customers or users located within an exchange area.” 199 Iowa Admin. Code 22.1(3). INS does not provide CEA service to end users. INS also does not provide local telephone service between INS end users located within the same local exchange area. Therefore, INS does not provide local exchange service. Instead, INS serves as an intermediate carrier transmitting calls between AT&T’s network and exchanges served by third party LECs. Furthermore, CEA service is provided and billed to carriers, such as AT&T (not end users).

RESPONSE: AT&T lacks knowledge and information sufficient to form a belief as to whether INS does not provide local exchange service or local telephone service, and therefore this allegation is denied. To the extent that the allegations in this paragraph purport to

characterize regulations governing local exchange service, AT&T respectfully refers the Court to such regulations for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

74. The *FCC's USF/ICC Order* also does not apply to the functions performed by CEA service. The focus of the *FCC's USF/ICC Order* is the originating access service and terminating access service provided by LECs to the LECs' end office switches. CEA service does not originate or terminate calls. Instead, CEA service is an intermediate service carrying the traffic on the route between LECs and IXC. As CEA service does not originate or terminate traffic to end offices, it does not provide the originating and terminating access services subject to the *FCC's USF/ICC Order*.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the FCC's order, AT&T respectfully refers the Court to that order for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

75. The *FCC's USF/ICC Order* adopted FCC Rules 51.907, 51.909, and 51.911, which prescribed price reductions for only three types of LECs: "Price Cap Carrier," "Rate-of-Return Carrier," and "Competitive Local Exchange Carrier." 47 C.F.R. §§ 51.907, 51.909, and 51.911. As INS is not classified under any of these LEC types, these rules do not call for reductions in the price for CEA service.

RESPONSE: AT&T admits that the FCC's *USF/ICC Order* adopted FCC Rules 51.907, 51.909, and 51.911, and AT&T avers that INS is subject to at least one of those Rules. To the extent that the allegations in this paragraph purport to characterize these rules, AT&T respectfully refers the Court to the rules for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies that INS is not classified under any LEC type, and AT&T denies that the FCC's *USF/ICC Order*, and the rules it adopted, do not call for INS to reduce its price for CEA service. AT&T denies the remaining allegations in this paragraph.

76. INS is not a “Price Cap Carrier” because INS is not a LEC subject to price cap regulation pursuant to 47 C.F.R. §§ 61.41 through 61.49. Therefore, the tariff price reductions for “Price Cap Carriers” described in FCC Rule 51.907 are inapplicable to CEA service.

RESPONSE: AT&T admits, as a general matter, that INS is not a Price Cap Carrier and that the tariff price reductions in FCC Rule 51.907 pertaining to Price Cap Carriers are therefore not applicable to INS. AT&T denies that INS is not a LEC and denies the remaining allegations in this paragraph.

77. Because INS is not an incumbent local exchange carrier, INS is also not a “Rate of Return Carrier,” which is defined as “any incumbent local exchange carrier not subject to price cap regulation.” 47 C.F.R. § 51.903(g). INS is not an incumbent local exchange carrier because INS does not provide local exchange service and has not been granted a certificate of public convenience and necessity to do so. An incumbent local exchange carrier is “a utility, or successor to such utility, that was the historical provider of local exchange service pursuant to an authorized certificate of public convenience and necessity.” 199 Iowa Admin. Code 22.1(3). *See also, Iowa Network Services, Inc.*, Docket No. SPU-06-12, 2006 Iowa PUC LEXIS 420 *5 (2006) (holding that INS is not an incumbent local exchange carrier). Therefore, because INS is not an incumbent local exchange carrier, the tariff price reductions for “Rate-of-Return Carriers” described in FCC Rule 51.909 are inapplicable to INS and its CEA service.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize rules and decisions governing Rate-of-Return Carriers and ILECs, AT&T respectfully refers the Court to the rules and decisions for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies that INS is not a “Rate-of-Return Carrier” and denies that the tariff price reductions described in FCC Rule 51.909 are inapplicable to INS. AT&T denies the remaining allegations in this paragraph.

78. Furthermore, to ensure that “Rate-of-Return Carriers” would be able to earn the constitutionally-required minimum return on regulated investment, the FCC permitted “Rate-of-Return Carriers” to bill a new Access Recovery Charge (“ARC”) to end users. Only incumbent local exchange carriers were allowed to bill an ARC to recover revenues lost from reducing their access rates. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17956 ¶ 847. INS has no end users it could bill an ARC, and because INS is not an incumbent local exchange carrier, the *FCC’s USF/ICC Order* does not authorize INS to bill an ARC in any event. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17957 ¶ 849. Without any cost recovery mechanism to offset a reduction in the price of CEA service, it is implausible that the *FCC’s USF/ICC Order* was intended to subject CEA service to ratemaking designed for incumbent “Rate-of-Return Carriers.” *See also, Connect America Fund*,

2014 FCC LEXIS 1090 ¶ 4 (Mar. 31, 2014) (clarifying that only “incumbent LECs were required to reduce certain intrastate switched access rates that exceeded comparable interstate switched access rates to interstate rate levels using the interstate rate structure”).

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the FCC’s orders, AT&T respectfully refers the Court to the orders for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

79. INS is also not a “Competitive Local Exchange Carrier,” which is defined as “a utility, other than an incumbent local exchange carrier, that provides local exchange service pursuant to an authorized certificate of public convenience and necessity.” 199 Iowa Admin. Code 22.1(3). As INS does not provide local exchange service and has not been granted a certificate of public convenience and necessity to do so, INS is not a “Competitive Local Exchange Carrier.” Furthermore, to ensure they continue to earn the constitutionally-required minimum level of compensation, the FCC permitted Competitive Local Exchange Carriers to increase end user charges to offset reductions in access rates charged to carriers, such as AT&T. *FCC’s USF/ICC Order*, 26 FCC Rcd at 17965 ¶ 864. By contrast, as CEA service is provided only to carriers (and not end users), it is impossible for INS to increase CEA prices for end users in order to reduce them for AT&T. Therefore, the tariff price reductions for “Competitive Local Exchange Carriers” described in FCC Rule 51.911 are inapplicable to CEA service.

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph purport to characterize rules, orders, and decisions governing CLECs, AT&T respectfully refers the Court to those rules, orders, and decisions for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations.

80. CEA providers, such as INS, are not the only type of intermediate providers not subject to the ratemaking rules adopted in *FCC’s USF/ICC Order*. For example, it is common for long distance telephone companies, like AT&T, to purchase least cost routing services from intermediate providers in order to transmit calls to the LECs’ networks. *Rural Call Completion*, 28 FCC Rcd 16154, 16163 (2013). Those intermediate providers of least cost routing services were not required by the *FCC’s USF/ICC Order* to reduce the prices they charge AT&T. Like INS, intermediate providers of least cost routing services do not provide local exchange service to end users. AT&T pays inter-carrier compensation to both INS and other intermediate providers to transmit AT&T’s calls to the same LECs connected to INS’ CEA network. Wireless carriers and VoIP providers are other examples of service providers not subject to the price reductions in the *FCC’s USF/ICC Order*.

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph purport to characterize the FCC's order, AT&T respectfully refers the Court to the order for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations.

81. Regardless of how the *FCC's USF/ICC Order* is interpreted, AT&T must pay the CEA Tariff prices because they are "lawful," as a matter of substantive statutory law. Even if AT&T is correct in alleging that the CEA Tariff prices are too high (which they clearly are not), AT&T is still required to pay the CEA Tariff prices so long as they remain effective, because the currently effective prices are lawful. The failure to pay "lawful" tariff prices with respect to services provided and billed in the past is impermissible. *Virgin Islands Telephone Corp. v. FCC*, 444 F.3d at 669. "Remedies against carriers charging lawful rates later found unreasonable must be prospective only." *Id.*

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

82. Only the FCC can revise "lawful" tariff prices (and only prospectively). *Ambassador, Inc. v. United States*, 325 U.S. 317, 324 (1945) ("the objection must be addressed to the Commission and not as an original matter brought to the court"); *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 534 (noting that "the task of determining a reasonable rate is reserved to the exclusive province of the FCC"); *Associated Press v. FCC*, 448 F.2d 1095, 1104 (D.C. Cir. 1971) (holding that "this court has no authority to invade the province of the Commission by ordering it to reject a rate, without a hearing, on the ground that it is unlawfully high"). Therefore, should AT&T bring before this Court, the counterclaims alleged in the AT&T Emails seeking to pay less than the CEA Tariff rate, such AT&T claims should be dismissed as a matter of law.

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

83. Since INS' September, 2013 invoice, AT&T has not paid INS anything for CEA service when AT&T's calls are transmitted to Great Lakes' facilities.

RESPONSE: AT&T admits that since September 2013, it made certain payments to INS and withheld certain other payments; the withheld payments, and some of the payments it

made, were unlawfully billed under the tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

84. Courts have upheld state and federal regulatory decisions holding that, when a LEC, such as Great Lakes, enters into a traffic agreement with INS, the point of interconnection for an interexchange carrier, such as AT&T, to transmit calls to that LEC's facilities is with the CEA network. *Northwestern Bell Tel. Co. v. Iowa Utilities Board*, 477 N.W.2d at 681, 687.

RESPONSE: AT&T lacks knowledge and information sufficient to form a belief as to the truth of the allegations regarding any traffic agreement between INS and Great Lakes (though any such agreement is relevant here and should be produced in discovery), and thus any allegations regarding such agreement are denied. AT&T denies the remaining allegations in this paragraph. Moreover, to the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

85. End user consumers have a choice of purchasing local telephone service from incumbent LECs, competitive LECs, or wireless carriers. Those service providers, in turn, have a competitive choice of whether they want to enter into a CEA traffic agreement with INS.

RESPONSE: AT&T admits that consumers of local telephone service, as a general matter, generally have a choice of providers of such services. AT&T denies the remaining allegations in this paragraph.

86. Great Lakes has entered into a traffic agreement with INS so that calls to and from Great Lakes' facilities will be transmitted over the CEA network.

RESPONSE: AT&T lacks knowledge and information sufficient to form a belief as to the truth of the allegations in this paragraph, and they are therefore denied.

87. When a LEC, such as Great Lakes, connects with the CEA network, the FCC has held that it is INS' sole responsibility to provide all transport facilities between the LEC's network and the facilities of long distance telephone companies, like AT&T. *AT&T Corp. v. Alpine Communications, LLC*, 27 FCC Red 11511, 11521 ¶ 27 (2012).

RESPONSE: AT&T denies the allegations in this paragraph. Moreover, to the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

88. As AT&T's second counterclaim, the AT&T E-mails assert that Great Lakes has not fully complied with certain regulatory prerequisites permitting the stimulation of access traffic. The FCC's *USF/ICC Order* adopted pricing rules permitting LECs, such as Great Lakes, to stimulate access traffic (which AT&T often refers to as traffic pumping).

RESPONSE: AT&T states that it had not yet filed counterclaims when INS filed its Complaint. To the extent that the allegations in this paragraph purport to characterize the contents of AT&T's emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph purport to characterize the FCC's order, AT&T respectfully refers the Court to the order for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

89. The status of Great Lakes' regulatory compliance has no bearing on AT&T's obligation to pay the lawful CEA Tariff rates to INS. INS has no responsibility for Great Lakes' acts or omissions. It has been a long-standing FCC policy that "a carrier is responsible only for the services and facilities it provides to its customers, and not for those of a carrier with which it may be interconnected for through service." *AT&T*, 65 F.C.C.2d 624, 637 ¶ 35 (1977). Great Lakes is not an affiliate of INS. Furthermore, Great Lakes is not a party to the tariffed business relationship between INS and AT&T under the CEA Tariffs. Therefore, the status of Great Lakes' regulatory compliance does not provide a legal basis for AT&T to refuse to pay the lawful tariff rates for the CEA service provided by INS.

RESPONSE: To the extent that the third sentence purports to characterize FCC policy, AT&T respectfully refers the Court to the FCC's rules, regulations, and decisions for an accurate and complete statement of its policies, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

90. If AT&T has concerns about Great Lakes' regulatory compliance, AT&T should address those concerns to Great Lakes, not refuse to compensate INS for services lawfully rendered. However, AT&T and Great Lakes have settled their dispute over whether Great Lakes complies with the regulatory prerequisites for access stimulation. AT&T's dismissal of its claims against Great Lakes is attached as Exhibit I.

RESPONSE: AT&T admits that a purported copy of the dismissal of some of its claims against Great Lakes is attached to the Complaint as Exhibit I. AT&T denies the remaining allegations in this paragraph.

91. Moreover, recent regulatory agency decisions indicate that Great Lakes now fully complies with the rules permitting access stimulation. For example, the Iowa Utilities Board recently approved a settlement based on assurances from adversarial parties that Great Lakes is "not presently engaged in the provision of the types of high-volume access services that were disputed" and that Great Lakes' "tariffs will comply prospectively with the FCC's *Connect America Fund Order*." *Qwest Communications Corp. v. Superior Telephone Cooperative*, 2014 Iowa PUC LEXIS 44 *5 (2014).

RESPONSE: AT&T denies that recent regulatory agency decisions indicate that Great Lakes now fully complies with the rules permitting access stimulation. To the extent that the allegations in this paragraph purport to characterize the Iowa Utilities Board's decision, AT&T respectfully refers the Court to that decision for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

92. However, it is unnecessary for this Court to reach the issue of Great Lakes' regulatory compliance because such acts or omissions, especially those of unrelated third parties, do not provide a valid legal basis for not paying the tariff price. AT&T is barred as a matter of law from obtaining a preferential (less than tariff) price for CEA service regardless of whether AT&T accuses Great Lakes of unreasonable practices, fraud, willful misconduct, or some other tort. *AT&T Corp. v. JMC Telecom, LLC*, 470 F.3d at 532, quoting *AT&T v. Central Office Telephone, Inc.*, 524 U.S. at 227-228 ("[r]espondent can no more obtain unlawful preferences under the cloak of a tort claim than it can by contract").

RESPONSE: AT&T denies the allegations in this paragraph.

93. There is also absolutely no merit to the argument in the AT&T E-mails that the alleged regulatory non-compliance by Great Lakes should result in a total forfeiture of INS' rights to be compensated for CEA service. Since INS' September, 2013 invoice, AT&T has not

paid INS anything for CEA service that carried AT&T's calls to Great Lakes' facilities. Such an extraordinary harsh result is to be avoided when, as here, it is not "explicitly" authorized by any statute or regulation. *Worldcom, Inc. v. Graphnet, Inc.*, 343 F.3d at 655 (noting that "Forfeitures are not favored; they should be enforced only when within both letter and spirit of the law"). Furthermore, when either of two constructions can be given to a regulatory scheme, and one of them involves a total forfeiture, the other is to be preferred. *Id.* In this case, the regulatory scheme clearly requires AT&T to pay the CEA Tariff price regardless of the status of Great Lakes' regulatory compliance.

RESPONSE: AT&T denies the allegations in this paragraph. To the extent that the allegations in this paragraph purport to characterize the contents of AT&T's emails, AT&T respectfully refers the Court to the emails for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. To the extent that the allegations in this paragraph state conclusions of law, AT&T denies the allegations and further responds that all conclusions of law are for the Court to reach.

94. By refusing to properly compensate INS at the lawful tariff rates for CEA service, Defendant is plainly engaging in unlawful conduct that has inflicted significant, and ongoing, harm to INS. Therefore, should AT&T bring before this Court, any counterclaims alleging any pretext for avoiding payment of the CEA Tariff price, those AT&T claims should be dismissed as a matter of law.

RESPONSE: AT&T denies the allegations in this paragraph.

COUNT I

95. Plaintiff incorporates and re-alleges, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

RESPONSE: AT&T reincorporates its responses to the allegations of paragraphs 1 to 94 of the Complaint. AT&T denies any and all remaining allegations contained in paragraphs 1 through 94 not previously admitted.

96. Plaintiff provided CEA service to Defendant.

RESPONSE: AT&T denies that INS provided AT&T with services pursuant to a valid or effective tariff, and thus AT&T denies the allegations in this paragraph.

97. The rates, terms and conditions applicable to CEA service are contained in Plaintiff's tariff filed with the FCC. That tariff is attached as Exhibit B.

RESPONSE: AT&T admits that rates, terms, and conditions pertaining to INS's service are contained in its tariff filed with the FCC and that a copy of the purported tariff is attached as Exhibit B to the Complaint. AT&T denies that this tariff is lawful. AT&T denies the remaining allegations in this paragraph.

98. The rates, terms, and conditions contained in the CEA Tariff are deemed lawful pursuant to Section 204(a)(3) of the Communications Act, 47 U.S.C. § 204(a)(3).

RESPONSE: AT&T denies the allegations in this paragraph.

99. As a matter of statutory law, Defendant is required to pay the prices contained in the CEA Tariff. 47 U.S.C. §§ 203(c) and 204(a)(3).

RESPONSE: AT&T denies the allegations in this paragraph.

100. Defendant has received invoices from Plaintiff billing the prices for CEA service contained in the CEA Tariff.

RESPONSE: AT&T admits that it has received invoices from INS for its purported CEA service. AT&T denies that these invoices are accurate, lawful, or properly billed under applicable law and/or valid and effective tariffs. AT&T denies the remaining allegations in this paragraph.

101. Defendant has failed to fully pay the invoices Defendant has received from Plaintiff for CEA service.

RESPONSE: AT&T admits that it made certain payments to INS and withheld certain other payments; the withheld payments, and some of the payments it made, were unlawfully billed under the tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

102. Defendant has breached the CEA Tariff by failing to fully pay the CEA Tariff prices for the CEA service that Plaintiff provided to Defendant.

RESPONSE: AT&T denies the allegations in this paragraph.

103. Plaintiff has lost the value of the use of the money owed but not paid for CEA service.

RESPONSE: AT&T denies the allegations in this paragraph.

104. The CEA Tariff requires the payment of late payment penalties on past due amounts. *See* Exhibit B, Original Page 41.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the tariff, AT&T respectfully refers the Court to the tariff for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

105. The CEA Tariff requires Defendant to pay damages (direct, consequential, and punitive), attorneys' fees, and court costs incurred by Plaintiff due to "any act or omission of the customer in the course of using services provided under this tariff." *See* Exhibit B, Original Page 31.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the tariff, AT&T respectfully refers the Court to the tariff for an accurate and complete statement of its contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

106. Plaintiff is also entitled to recover its reasonable attorneys' fees pursuant to Section 206 of the Communications Act, 47 U.S.C. § 206. *MCI Telecommunications Corp. v. Teleconcepts, Inc.*, 71 F.3d 1086, 1102 (3rd Cir. 1995).

RESPONSE: AT&T denies the allegations in this paragraph.

107. Plaintiff has been damaged and continues to be damaged by Defendant's refusal to pay the CEA Tariff prices. Plaintiff is entitled to recover damages (direct, consequential, and punitive), late payment interest, attorneys' fees, costs of suit, and such other relief as may be established at trial.

RESPONSE: AT&T denies the allegations in this paragraph.

COUNT II

108. Plaintiff incorporates and re-alleges, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

RESPONSE: AT&T reincorporates its responses to the allegations of paragraphs 1 to 107 of the Complaint. AT&T denies any and all remaining allegations contained in paragraphs 1 through 107 not previously admitted.

109. Plaintiff provided CEA service to Defendant.

RESPONSE: AT&T denies that INS provided AT&T with services pursuant to a valid or effective tariff, and thus AT&T denies the allegations in this paragraph.

110. The rates, terms and conditions applicable to CEA service are contained in Plaintiff's tariffs filed with the Nebraska Public Service Commission and the Iowa Utilities Board. Copies of those tariffs are attached as Exhibits C and D.

RESPONSE: AT&T admits that rates, terms, and conditions pertaining to INS's service are contained in its tariffs filed with the Nebraska Public Service Commission and the Iowa Utilities Board, and that Exhibits C and D to the Complaint are purported copies of those tariffs. AT&T denies that these tariffs are lawful, and AT&T denies the remaining allegations in this paragraph.

111. As a matter of statutory law, Defendant is required to pay the prices contained in the CEA Tariffs. Iowa Code § 476.5; Neb. Rev. Stat. § 75-126(1)(e).

RESPONSE: AT&T denies the allegations in this paragraph.

112. Defendant has received invoices from Plaintiff billing the prices for CEA service contained in the CEA Tariffs.

RESPONSE: AT&T admits that it has received invoices from INS for its purported CEA service. AT&T denies that the invoices are accurate, lawful, or properly billed under applicable law and/or valid and effective tariffs. AT&T denies the remaining allegations in this paragraph.

113. Defendant has failed to fully pay the invoices Defendant has received from Plaintiff for CEA service.

RESPONSE: AT&T admits that it made certain payments to INS and withheld certain other payments; the withheld payments, and some of the payments it made, were unlawfully billed under the tariffs and/or the FCC's rules. AT&T denies the remaining allegations in this paragraph.

114. The existence of a billing dispute does not excuse Defendant from paying the tariff rates. The CEA Tariffs require Defendant to pay both the disputed and undisputed portions of INS' invoices. "[T]he customer will, notwithstanding the continuing existence of the dispute, pay the billed amount." *See* Exhibit C, Original Page 42; Exhibit D, Original Page 59.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the tariffs, AT&T respectfully refers the Court to the tariffs for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

115. Defendant has breached the CEA Tariffs by failing to fully pay the CEA Tariff prices for the CEA service that Plaintiff provided to Defendant.

RESPONSE: AT&T denies the allegations in this paragraph.

116. Plaintiff has lost the value of the use of the money owed but not paid for CEA Service.

RESPONSE: AT&T denies the allegations in this paragraph.

117. The CEA Tariffs require the payment of late payment penalties on past due amounts. *See* Exhibit C, Original Page 65; Exhibit D, Original Page 83.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the tariffs, AT&T respectfully refers the Court to the tariffs for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

118. The CEA Tariffs require Defendant to pay damages (direct, consequential, and punitive), attorneys' fees, and court costs incurred by Plaintiff due to "any act or omission of the

customer in the course of using services provided under this tariff.” *See* Exhibit C, Original Page 48; Exhibit D, Original Page 66; *see also*, *MCI Telecommunications Corp. v. Teleconcepts, Inc.*, 71 F.3d at 1102.

RESPONSE: To the extent that the allegations in this paragraph purport to characterize the tariffs, AT&T respectfully refers the Court to the tariffs for an accurate and complete statement of their contents, and AT&T denies all inconsistent allegations. AT&T denies the remaining allegations in this paragraph.

119. Plaintiff has been damaged and continues to be damaged by Defendant’s refusal to pay the CEA Tariff prices. Plaintiff is entitled to recover damages (direct, consequential, and punitive), late payment interest, attorneys’ fees, costs of suit, and such other relief as may be established at trial.

RESPONSE: AT&T denies the allegations in this paragraph.

AT&T’s PRAYER FOR RELIEF

AT&T denies that Plaintiff is entitled to any relief.

AFFIRMATIVE DEFENSES

AT&T asserts the following additional defenses without assuming the burden of proof on such defenses that would otherwise rest on Plaintiff and reserves its right to assert additional defenses when, and if, appropriate.

FIRST DEFENSE

The Complaint fails to state a claim upon which relief may be granted.

SECOND DEFENSE

Plaintiff’s claims are barred in whole or in part by its inequitable conduct and unclean hands.

THIRD DEFENSE

Plaintiff may not obtain relief under any federal or state tariff because Plaintiff is in violation of such tariffs.

FOURTH DEFENSE

Plaintiff's claims for access charges are barred because Plaintiff did not provide such services.

FIFTH DEFENSE

Plaintiff's claims are barred because it has engaged in ongoing violations of the Communications Act, including, but not limited to, 47 U.S.C. §§ 201 and 203.

SIXTH DEFENSE

Plaintiff is estopped from making its claims.

SEVENTH DEFENSE

Plaintiff's claims include issues that are subject to the primary jurisdiction doctrine and that should be referred under that doctrine to relevant regulatory agencies.

WHEREFORE, AT&T requests an order entering judgment in its favor, denying Plaintiff any relief whatsoever, awarding AT&T its costs of suit incurred in the defense of this action, awarding AT&T its attorneys' fees incurred in the defense of this action, and granting AT&T such other and further relief as the Court may deem just and proper.

COUNTERCLAIMS OF AT&T CORP.

1. Defendant AT&T Corp. ("AT&T") for its counterclaims against plaintiff Iowa Network Services, Inc. ("INS") states as follows:

INTRODUCTION AND NATURE OF THE COUNTERCLAIMS

2. INS has filed tariffs with rates for switched access service that violate the rules of the Federal Communications Commission ("FCC"), and thus the Federal Communications Act ("Act"). INS then improperly billed AT&T for services at unlawful rates pursuant to the invalid tariffs, in violation of Sections 201 and 203 of the Communications Act and state law. As set

forth herein, AT&T's relief for INS's unlawful conduct includes damages in the form or refunds of amounts that INS unlawfully billed and that AT&T paid, and declaratory relief that the amounts that INS unlawfully billed and that AT&T disputed and declined to pay are not lawfully owed to INS.

3. In 2011, the FCC completed a decade-long inquiry and comprehensively reformed its rules for intercarrier compensation, including rules for the switched access services that INS has billed to AT&T. Most relevant to this dispute, the FCC implemented transitional rules that, among other things, are expressly designed to apply to compensation for any telecommunications traffic exchanged between telecommunications providers, including interstate switched access services, the services at issue here. *See* 47 C.F.R. § 51.901(b). Under the new rules, the rates for switched access services are generally capped at levels that were in place on December 29, 2011. *Id.* §§ 51.901 *et seq.*; Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Connect America Fund*, 26 FCC Rcd. 17663 (rel. Nov. 18, 2011) ("*Connect America Fund Order*").

4. Further, the FCC's rules required access providers like INS over time to reduce rates for intrastate access services (*i.e.*, services on calls originating and terminating in the *same* state) to the same level that is charged for interstate services (*i.e.*, services on calls originating in one state and terminating in a *different* state). INS has also violated those FCC rules: today in Iowa, INS's primary access service is priced at about 1.14 cents per minute for intrastate services, which is above the 0.819 cents per minute at which its interstate services should be priced (the interstate rate that INS had in place on December 29, 2011).

5. The FCC's clear intent was to subject *all* access services to its new rules – and it did so. *See, e.g., Connect America Fund Order*, ¶ 801 ("[A]ll interstate switched access . . . rates

will be capped at rates in effect as of the effective date of the rules); *id.* ¶ 800 (capping “*all interstate switched access rates in effect as of the effective date of the rules, including . . . all transport rates*”) (emphases added in both quotes). Yet INS – which has charged and provided access services for over 25 years – now claims that it is not subject to these rules. Based on this position, in 2013, INS raised the rates applicable to the primary switched access services it provides by over 40 percent, and to rates above those it had in place at the end of 2011. Because the increase contravenes the FCC’s rules, INS’s tariff itself violates the FCC’s rules, and it should never have been filed containing unlawful and unreasonable rates.

6. Because the FCC had already said that INS should not file rates above the cap (and should reduce its intrastate rates), there is no merit to INS’s claims that its unjust and unreasonable rates became “deemed lawful” under 47 U.S.C. § 204(a)(3) merely because the FCC did not immediately suspend INS’s tariffs. The FCC does not need to suspend rates that it has already said are unlawful.

7. Moreover, even if INS’s rates were lawful, INS has engaged in additional unreasonable practices that violate Section 201(b) of the Act. INS was created in the 1980s for the purpose of lowering the costs of transporting calls between long distance carriers (also known as interexchange carriers or “IXCs”) and rural independent incumbent local exchange carriers (“LECs”) serving distant exchanges in Iowa. Because the traffic volumes between any one of those remote LECs and any long distance carrier were then very small, establishing direct connections between a rural Iowa ILEC and an IXC was thought to be prohibitively expensive. Accordingly, INS was created to deploy a fiber ring around Iowa, and the costs of transporting traffic to the distant exchanges would be reduced because INS should have economies of scale.

8. Since the 1980s, the telecommunications industry and the law governing it have changed dramatically. Congress revised the Communications Act in 1996 to foster local competition for access services and other local telephone services. Among other things, Congress allowed new entrants (called competitive local exchange carriers, or “CLECs”) to compete against incumbent LECs (“ILECs”). Existing local exchange carriers (including INS and other ILECs) would be subject to competition, and could not insist that customers use their services exclusively.

9. While competition developed and new carriers and services entered the market, the FCC’s system of intercarrier compensation that set the rates which carriers would pay to one another became outdated, and when the FCC reformed its rules in 2011, it explained that its then-existing rules were “riddled with inefficiencies and opportunities for wasteful arbitrage.” *See Connect America Fund Order*, ¶ 9.

10. One of the most prevalent arbitrage schemes, called “access stimulation,” involved INS and many Iowa LECs. Under this scheme, a remote LEC that was permitted to charge high rates for access services under the FCC’s rules (which were established under the view that the LEC would experience low traffic volumes and sometimes higher costs) would partner with a company to promote free calling services to the LEC. As a result of the free calling services, the traffic destined for the distant exchanges increased exponentially. IXC’s would have to carry these large volumes of traffic to the traffic-pumping LECs – and the traffic typically would be routed over INS’s transport ring. *See generally id.* ¶¶ 656-67.

11. As a consequence of these access stimulation schemes, LECs in remote parts of Iowa would suddenly handle tremendous volumes of traffic. For example, one LEC in Iowa operating in and around the small town of Spencer, Iowa, now carries about *nine times* the

volume of traffic handled by Qwest/Century Link, the traditional large ILEC, in all of Iowa. In these circumstances, it is no longer economically efficient for IXC's like AT&T to pay INS per minute rates to carry these large volumes of calls to access stimulating LECs. Indeed, the FCC's new 2011 rules were designed to ensure that IXC's rates for such traffic would be dramatically reduced. Yet, because of INS's charges, AT&T is paying charges that exceed what the FCC intended under its new rules.

12. INS, and the Iowa LECs engaged in access stimulation, have engaged in unreasonable practices by: (1) conspiring to refuse to allow AT&T to use more efficient means to transport the access stimulation traffic, such as a direct connection with the LEC, and (2) insisting that AT&T route its traffic through INS. Any such exclusive arrangements are unreasonable and anticompetitive. For these violations, AT&T is entitled to damages, and to declaratory and injunctive relief.

JURISDICTION AND VENUE

13. This Court has original jurisdiction over AT&T's counterclaims under 28 U.S.C. §§ 1331, 1337, and 47 U.S.C. §§ 206 and 207, because AT&T's claims arise under the Federal Communications Act ("Act"), a law of the United States, and because AT&T's claims allege that INS, acting in its capacity as a common carrier under the Act, has violated the Act.

14. Venue is proper in this jurisdiction under 28 U.S.C. § 1391(b)(2)-(3). Additionally, to the extent that venue is proper in this action for the Complaint, venue remains proper.

PARTIES

15. Defendant/Counterclaim-Plaintiff AT&T is a New York corporation that provides communications and other services to U.S.-based and foreign-based customers, and has its

principal place of business in Bedminster, New Jersey. AT&T is a wholly owned subsidiary of AT&T Inc. In this case, AT&T's counterclaims and defenses relate to its role as a purchaser of services, not as a common carrier providing services.

16. AT&T has standing to bring these counterclaims under Sections 206 and 207 of the Communications Act because it has been damaged by actions taken by INS, a common carrier under the Act, in violation of the Act. Among other things, AT&T's current estimates are that it has paid INS millions of dollars in switched access charges that INS has improperly billed pursuant to the unreasonable practices, alleged in more detail below, in which INS has engaged, in violation of Section 201(b) of the Communications Act.

17. Plaintiff/Counterclaim-Defendant INS is, upon information and belief, incorporated in the state of Iowa, with its principal place of business in West Des Moines, Iowa. For purposes of this case, INS is operating as a common carrier that is subject to the Communications Act, 47 U.S.C. §§ 151 *et seq.* INS is a telecommunications provider.

BACKGROUND

18. To place AT&T's Counterclaims in perspective, it is helpful to discuss (1) the access services at issue; (2) INS's formation; (3) INS's call routing and pricing; (4) the "access stimulation" traffic that comprises most of INS's current traffic; (5) the FCC's *Connect America Fund Order*, which put in place rules to reduce rates for access stimulation traffic, and also more generally revised intercarrier compensation, including the use of "caps" for access services; and (6) AT&T's disputes of INS's unlawful tariffs and charges.

1. Access Services

19. Telephone calls and other telecommunications services often involve multiple service providers. In such cases, the FCC oversees a complex scheme of intercarrier compensation that applies when carriers exchange traffic. The amount of compensation one

provider owes another – if any – depends upon various factors, such as the type of service providers handling the call, the technology used, and how the call is routed. As the FCC has recognized, the intercarrier compensation system has been inefficient and prone to abuse. *Connect America Fund Order*, ¶¶ 9, 33, 648.

20. Switched access services are one type of intercarrier compensation. At the most basic and general level, local exchange carriers (“LECs”) offer switched access services, which allow long distance carriers (IXCs) to originate and terminate long distance calls to end user customers (*i.e.*, calling and called parties). The LECs provide the switched access services pursuant to either tariffs or express contracts. A LEC can be classified generally as either an “incumbent” LEC, which is the traditional provider of telephone services in a local exchange, or a “competitive” LEC, which is a new entrant to the local telephone market that should compete with incumbent LECs.

21. To take a simple example, on a traditional long distance call, a caller places a call (from say, Des Moines, Iowa) to reach a friend in another state (say, in Chicago, Illinois). The caller’s local Iowa phone company accepts the outgoing call at a local switch that connects to the caller’s premises to its network, carries the call over the local network, and eventually hands off the call in or near Des Moines to the caller’s selected long distance company. The long distance company (*i.e.*, the IXC) carries the call over its national network to a location near Chicago, and hands it off to a local phone company (a LEC) near Chicago that serves the called party. That Chicago LEC routes the call over its local network, including to a local “end office” switch that is directly connected to the called party’s premises in Chicago, and the long distance call is completed.

22. In this example, where only three providers are involved, the LEC that originated the call from the caller's premises over the LEC's local switching and other facilities in Des Moines will generally assess "originating" switched access charges on the IXC. Similar types of charges will be billed to the IXC for the "terminating" end of the call, by the LEC in Chicago that is involved in routing and carrying the call over its local switch and facilities in Chicago to the called party's premises.

23. Like other telephone services, access services can be classified as interstate or intrastate in nature. On a long distance call that begins in one state and ends in another state (like the example above), any access services provided on the call are interstate services. Such services are generally regulated by the FCC. On a long distance call that begins and ends in the same state, any access services are intrastate services. Traditionally, such services have been regulated by state regulatory commissions, but as discussed below the FCC has recently imposed some rules applicable to intrastate access services.

24. Switched access services typically consist of various functional components, called "rate elements." For example, switched access service may include rate elements for "transport" (generally speaking, the function of carrying calls over wires, known as "trunks") and for "switching" (generally speaking, the function of routing calls in various directions), among other things. Additionally, some rate elements are associated with "tandem" switching, which is a switch that is (as a general matter) connected to other switches, and others are associated with "end office" switches, which are the switches that place calls onto subscriber "loops" that are connected to the premises of callers.

25. The IXC's customers and the parties whom they call – and not the IXC itself – choose the LEC providing the switched access services. As a result, once an IXC's customer

chooses to take service from a particular LEC, the IXC that serves that customer must use the customer's chosen LEC to originate or terminate calls to the IXC's network. Thus, even if the IXCs are very large companies, and even if the LECs are relatively small and/or are supposedly "competitive" LECs, these LECs have a "bottleneck" monopoly over the IXCs as to the traffic they handle. *See, e.g., CLEC Access Charge Order*, 16 FCC Rcd. 9923, ¶ 30 (2001).

26. The most basic scenario of an IXC establishing a "direct connection" with a LEC, which is described above, is used in locations where the IXC and the LEC exchange large volumes of traffic. However, long distance calls are not always routed according to this most basic scenario, and often other carriers or service providers are involved.

27. For example, for smaller LECs, there is often insufficient traffic to justify a direct connection to and from a particular IXC's network. In that instance, the carriers may exchange traffic indirectly through other providers.

28. Of particular relevance to this case is a type of calling arrangement that was approved for use in Iowa and a few other states in the 1980s, when competition for long distance services was developing. In this arrangement, long distance traffic is exchanged indirectly by using a "centralized equal access" ("CEA") provider. Because it was true that each remote ILEC would not have enough traffic volume to connect directly with each competing IXC, certain remote ILECs decided to form and own a CEA provider to haul commingled access traffic on their behalf. The CEA provider would achieve economies of scale by handling larger volumes of access traffic than any single carrier, thereby reducing access rates, which resulted in lower rates for IXCs and their customers. In fact, in approving these arrangements, the FCC determined that the express purpose and benefit of CEA arrangements are "lower costs to IXCs" due to the efficiencies associated with fiber rings. *See, e.g., In re Application of Indiana Switch Access*

Div., 1986 WL 291436, ¶ 23 (C.C.B. Apr. 10, 1986) (“*Indiana Switch Order*”), review denied, *Indiana Switch*, 1 FCC Rcd. 634 (1986); *Application of Iowa Network Access Division*, 3 FCC Rcd. 1468, ¶ 3 (C.C.B. 1988) (“*INAD Application Order*”).

2. INS’s Formation

29. In Iowa, INS provides CEA and other access services. INS was formed in 1987 by about 130 rural LECs, in order to provide transport and other access services on behalf of the rural LECs. INS sought and received authority under Section 214 of the Communications Act to provide CEA service as “a dominant carrier providing exchange access services.” *INAD Application Order*, 3 FCC Rcd. at 1468.

30. In the 1980s, years prior to the passage of the Telecommunications Act of 1996, which opened local telephone markets to competition, there was only a single provider of local telephone service in a given area. There were no “competitive” LECs at that time.

31. Additionally, at that time, the prices for services (including access services) offered by these LECs were determined exclusively by traditional “rate of return” regulation, which examined a carrier’s reasonable costs and demand, and then rates were set to achieve a reasonable rate of return. The FCC and other regulatory commissions would in the future develop additional methods to regulate prices for access service prices, but when INS was formed in 1987, it (like the LECs that formed it) was subject to rate of return regulation. As explained below, that remains true today.

32. After being approved for operation, INS constructed and has deployed tandem switching and transport facilities in order to offer equal access, on behalf of rural Iowa incumbent LECs, to multiple competitive IXC’s at a single, centralized location. INS operates a centralized tandem switch in Des Moines that provides tandem switching and equal access

functionality, and deployed a fiber optic “ring” that connects the tandem switch to various locations spread throughout Iowa to transport traffic between long distance carriers and certain small, rural LECs. *INAD Application Order*, 3 FCC Rcd. at 1468.

33. In short, INS was formed by Iowa LECs, is still owned largely by Iowa incumbent LECs, and offers and provides exchange access services, including tandem switching and transport, on behalf of LECs. INS thus is and always has been a rate of return regulated LEC.

3. INS’s Call Routing And Pricing

34. Since the INS network was put in place, the call routing works as follows: when a customer of an IXC places a long distance call to a customer of one of the LECs that uses INS, the IXC carries the call over its network to INS’s switch in Des Moines, and hands off the call to INS. INS then transports the call to a point on its fiber network that is close to the local facilities of the rural LEC. The rural LEC then picks up the call and transports it to the called party within its authorized local exchange. The same thing happens in reverse for a long distance call placed by a customer of the rural LEC.

35. Generally, INS charges the IXCs a flat, per-minute rate for each call, to cover the switching of the call in Des Moines and the transport of the call over the INS fiber network. INS’s per-minute rate does not vary based on the distance that it carries the call.

36. At the end of 2011, INS’s interstate rate for its centralized equal access service, which includes tandem switching and transport, was \$0.08190 per minute. In the middle of June, 2012, INS reduced this interstate rate to \$0.0623 per minute. In July, 2013, INS made revisions to its tariff, and raised the rate for this service to \$0.08960, which is INS’s current rate for this service. As to its intrastate rate for the service, INS’s rate is \$0.114 per minute.

4. Access Stimulation Schemes And The Tremendous Increase In Traffic In Iowa And On INS's Facilities.

37. The historically low volumes of long distance traffic to and from Iowa LECs connected to INS no longer exists today, as a result of what are called "access stimulation" or "traffic pumping" schemes. Under these access stimulation schemes, a rural LEC would partner with a company that provided free calling services. Many of these LECs were located in rural parts of Iowa, and were connected to INS's network.

38. As discussed above, *see supra* paragraph 11, these free calling services generate huge volumes of traffic. As a result, LECs in remote exchanges in Iowa (and in a few other states) would handle huge volumes of traffic, thereby exploding the volume of traffic that the long distance carriers transported to and from the LEC. For example, one LEC near Spencer, Iowa now carries approximately *nine times* the volume of traffic handled by Qwest/Century Link, the traditional carrier, in all of Iowa. Further, it carries all of this traffic with far fewer facilities (and thus far lower costs).

39. As a result of the access stimulation practices, the mix of traffic that INS carries has changed dramatically. Before access stimulation schemes became prevalent, nearly all (if not all) of the traffic INS transported involved an aggregation of generally very small volumes for each of the incumbent Iowa LECs connected to INS. Now, however, INS's traffic largely consists of traffic from so-called "competitive LECs" that are engaged primarily in access stimulation. Today, about 80 percent of INS's traffic is associated with access stimulation – meaning INS handles tremendous volumes of access stimulated traffic.

40. The FCC, as well as the Iowa Utilities Board, which regulates intrastate telecommunications services within Iowa, have each conducted investigations into access stimulation. In these investigations, both the FCC and IUB determined that LECs engaged in

traffic pumping had violated their tariffs and improperly billed long distance carriers like AT&T for access services on calls associated with the traffic pumping.²

41. The FCC and IUB also each conducted rulemaking proceedings. The FCC found that access stimulation was a “wasteful arbitrage schem[e]” with many “adverse effects.” *Connect America Fund Order*, ¶¶ 648-49, 660; *id.* ¶¶ 662-665. The FCC further found that the practice “imposes undue costs on consumers,” especially the “customers of long-distance providers,” which must “bear the[] costs” of providing the free calling services, even though these consumers may not use those services. *Id.* ¶ 663. Accordingly, the FCC and the IUB issued new rules to curtail some of the harms associated with access stimulation. *See id.* ¶¶ 657-60, 667-700; *see also In re High Volume Access Service*, RMU-2009-009 (I.U.B. June 7, 2010).

5. The FCC’s *Connect America Fund Order*

42. The FCC’s rulemaking proceeding on access stimulation was a part of a larger order, known as the *Connect America Fund Order*. *Connect America Fund*, 26 F.C.C. Rcd. 17663 (2011), *petitions for review denied sub nom In re FCC 11-161*, 753 F.3d 1015, 2014 WL 2142106 (10th Cir. 2014). This order also instituted more general reforms in intercarrier compensation, including access charges, and in other areas. Most relevant here are the FCC’s rules to curtail access stimulation and its transitional pricing rules for access services.

a. The FCC’s Rules To Curtail Access Stimulation By Reducing Rates.

43. Under the new rules, a carrier engaged in access stimulation is required to file revised tariffs that reduce its rates. According to the FCC, such revised tariffs should

² *See, e.g., Qwest Commc’ns v. Farmers & Merchants Tel. Co.*, 24 FCC Rcd. 14801 (2009), *recon denied*, 25 FCC Rcd. 3422 (2010), *pet. for review denied sub nom. Farmers & Merchants Tel. Co. v. FCC*, 668 F.3d 714 (D.C. Cir. 2011); *Qwest Commc’ns v. Superior Tel. Coop.*, 2009 WL 3052208, Docket No. FCU-07-2 (I.U.B. Sept. 21, 2009), *recon granted in part*, 2009 WL 4571832 (I.U.B. Dec. 3, 2009), *further recon denied.*, 2011 WL 459685 (I.U.B. Feb. 4, 2011), *aff’d*, 829 N.W.2d 190 (Iowa App. 2013).

“significantly reduce the rates charged by competitive LECs engaging in access stimulation, even if [the rules do] not entirely eliminate the potential for access stimulation.” *Connect America Fund Order*, ¶ 690.

44. For competitive LECs – which are the LECs most commonly engaged in access stimulation today and which are responsible for most of the access stimulation traffic handled by INS – the FCC since 2001 generally has used a “benchmark” approach to rate regulation. Under this approach, competitive LECs may not file tariffs for switched access services unless the rates (and rate-affecting terms) are no higher than those of an incumbent LEC, as specified in the FCC’s rules.

45. In its 2011 *Connect America Fund Order*, the FCC required competitive LECs engaged in access stimulation to use a new benchmark for tariffing their access services. Specifically, the FCC determined that, for a competitive LEC operating in a particular state, it was appropriate to use as a benchmark the LEC with the lowest access rates that is regulated according to the FCC’s “price cap” rules. *Connect America Fund Order*, ¶¶ 689-90. This was because a competitive LEC engaged in access stimulation generally handled traffic volumes that were at least as high as the lowest-priced price cap LEC.

46. In short, under the FCC’s new traffic pumping rules, IXCs (and, in turn, their customers) should not pay higher charges on access stimulation traffic than they would if such traffic were being handled by the lowest-priced price cap LEC in the state.

47. Despite these new rules, some LECs, including a number operating in Iowa and connected to INS, have not curtailed their traffic pumping. Accordingly, INS continues to handle very significant volumes of traffic pumping carriage. Further, INS has not filed revised

tariffs to comply with the access stimulation rules, even though most of its traffic is access stimulation traffic, and, as explained below, it is presumptively subject to those rules.

48. In addition, given the large volumes of traffic that some access stimulation LECs in Iowa are now handling, it is economically inefficient, and not necessary, to use INS's tandem and transport facilities in connection with competitive LECs handling significant amounts of access stimulated traffic.

49. In fact, as explained in more detail below, it is inconsistent with the FCC's access stimulation rules to use INS as a tandem and transport provider that is charging a fixed per minute rate on every minute of every call. On calls routed to traffic pumping competitive LECs in Iowa, AT&T ends up paying far more in access charges than it would if the calls were being handled by the lowest-priced price cap LEC in Iowa. Thus, AT&T and other IXC's should be able to use more efficient transport arrangements, instead of INS. INS has refused to allow or provide such arrangements.

b. The FCC's Transitional Access Service Rules.

50. The FCC's *Connect America Fund Order* (e.g., ¶¶ 798-807) also adopted transitional pricing rules for access services. These rules began to apply on December 29, 2011, and will be in effect for several years, until the FCC implements a new "bill and keep" mechanism for certain switched access services.

51. As relevant here, the transitional pricing rules include a "cap" on switched access rates, so that LECs cannot raise those rates above the levels that existed on the effective date of the new rules, December 29, 2011. *Connect America Fund Order*, ¶¶ 798, 800, 801. The caps apply to all interstate switched access services, including, of course, the interstate access services

provided by INS. *Id.* ¶ 801 (“at the outset of transition, all interstate switched access rates . . . will be capped.”).

52. The FCC’s transition rules also regulate certain intrastate access services. In general, the FCC’s rules require LECs gradually to reduce the rates of their intrastate terminating access services to levels no higher than their interstate rates. *See id.* ¶ 801.

53. As explained below, despite these rules, INS has raised its rates above the caps, and also has not reduced its intrastate rates.

6. AT&T’s Disputes With INS

54. After INS filed tariffs with rates that exceeded the caps in the FCC’s rules, AT&T disputed INS’s billed access services charges, pursuant to the billing dispute provisions in INS’s tariff. *See, e.g.,* INS Tariff F.C.C. No. 1, § 2.4.1(B)(2)(c). AT&T also began withholding payment on some of the access charges improperly billed by INS. AT&T continues to pay INS some of the amounts it has billed, based on AT&T’s own internal estimates of what INS might be able to bill properly if it had filed lawful tariffs and if it was properly providing its services.

55. However, AT&T has paid INS millions of dollars in switched access services on traffic associated with access stimulation. In those circumstances, INS’s tandem and transport services are not necessary and/or are inefficient, and yet INS has asserted that it has the exclusive right to tariff, bill, and collect for such access services. Because, as explained herein, INS’s actions are unlawful, unjust, and unreasonable under the Communications Act, AT&T is entitled to refunds of amounts that INS has improperly billed to AT&T, and that AT&T has paid.

I. INS HAS UNLAWFULLY CHARGED AT&T, AND AT&T HAS PAID INS, RATES THAT EXCEED THE FCC'S TRANSITIONAL ACCESS SERVICE RULES.

A. INS's Tariff Rates Violate the FCC's Transitional Access Service Rules and Are Unlawful.

56. The rates that INS has charged AT&T for access services are unlawful because they exceed the rates established in the FCC's Transitional Access Service Rules, which were promulgated in the FCC's *Connect America Fund Order* and are codified at 47 C.F.R. Part 51, Subpart J (the "Transitional Access Service Rules").

57. In 2013, INS increased its rates for centralized equal access services by over 40 percent, and above the levels that existed as of the effective date of the FCC's Transitional Access Service Rules.

58. INS's interstate rate for centralized equal access service on December 29, 2011, the effective date of the Transitional Access Service Rules, was \$0.0819 per minute. After an initial decrease in the rate, INS raised the interstate rate for this service in July, 2013 to \$0.0896. INS's rate for its CEA service, which is a switched access service subject to the FCC's Rules, thus violates the FCC's rate caps.

59. Additionally, INS has not reduced its terminating intrastate access rates to be equal to its terminating interstate rates, in violation of the FCC's rules. INS has imposed, and continues to impose, these unlawful rates on AT&T.

60. The FCC's Transitional Access Service Rules apply to "telecommunications traffic exchanged between telecommunications providers that is interstate or intrastate exchange access, information access, or exchange services for such access, other than special access." 47 C.F.R. § 51.901(b). "Exchange access" means "the offering of access to telephone exchange

services or facilities for the purpose of the origination or termination of telephone toll services.”

47 U.S.C. § 153 (20).

61. INS provides interstate and intrastate exchange access services within the meaning of the FCC’s Rules. INS has previously admitted that it provides exchange access services in court filings. *See, e.g., Opening Br. of Pl. Iowa Network Servs Inc. In Opp. to Mot. of Quest Corp. for Summ. J. in Iowa Network Servs., Inc. v. Qwest Corp.*, No. 02-cv-40156 (S.D. Iowa Aug. 11, 2004) (“INS provides exchange access in conjunction with the many rural LECs which formed INS. . . . Because INS provides exchange access, it is a LEC.”).

62. Because INS is a telecommunications provider that provides interstate and intrastate “exchange access,” INS is subject to the FCC’s Transitional Access Service Rules.

63. The Transitional Access Service Rules contain specific rules pertaining to, *inter alia*, rate-of-return carriers (§51.909) and competitive LECs (§51.911). INS is barred from contending that it is not subject to the rules governing rate-of-return carriers. In the alternative, if INS is not a rate-of-return carrier, then INS is subject to the price cap rule governing CLECs.

1. INS Is a Rate-of-Return Carrier That Is Subject to the Transitional Access Service Rules.

64. Since its formation, INS has always been, and continues to be, a rate-of-return LEC that provides “exchange access” including switched access services and CEA services. When the FCC first authorized INS to provide services, it explained that INS was “a dominant carrier providing exchange access services subject to Title II regulations.” *Application of INAD*, 3 FCC Rcd., ¶ 10 (1988). At that time, the only way to regulate dominant carriers was through traditional rate-of-return regulation. Thus, INS was a rate-of-return carrier.

65. Since that inception, INS has operated, and has consistently been treated by the FCC, as subject to rate-of-return regulation. For example, INS has long filed rates for its access

services pursuant to Rule 61.38 of the FCC's rules. 47 C.F.R. § 61.38. *See* Compl. ¶ 54 (stating that INS files under 47 C.F.R. § 61.38).

66. As recent FCC orders confirm, the entities that now file access service tariffs according to Rule 61.38 are rate-of-return, incumbent local exchange carriers.³ Thus, by filing under Section 61.38, INS has represented to the FCC that it is a rate-of-return carrier.

67. In fact, INS has itself made regulatory filings, along with other centralized equal access providers in other states, in which INS has stated that “[t]he CEA providers *are regulated on a rate-of-return basis.*” Comments of the Equal Access Service Providers, WC Docket No. 05-337, at 2 (filed Nov. 26, 2008). This filing was signed by “Richard Vohs,” who was identified as the President of INS.

68. In reliance on INS's identification of itself as a Section 61.38 rate-of-return carrier, the FCC has permitted INS to file tariffs for access services, without undertaking the burdens associated with a full-blown cost case (in such a case, the FCC would scrutinize particular expenditures as reasonable). INS has, in turn, received reciprocal benefits from its rate-of-return classification, including filing tariffs that did not require a full-blown cost case, and collecting millions of dollars in access services under those filed tariffs.

69. INS now attempts to assert that “it is not an incumbent local exchange carrier” and “is not a Rate-of-Return Carrier.” Compl. ¶¶ 77. However, having long received benefits

³ *See, e.g., In re FCC 11-161*, 753 F.3d 1015, 2014 WL 2142106, at *109 (10th Cir. 2014) (stating “ILECs can obtain relief from rate adjustments by submitting cost studies under 47 C.F.R. § 61.38”); *Direct Commc'ns Cedar Valley v. FCC*, 2014 WL 3338841, at *63 (FCC July 7, 2014) (explaining that section 61.38 “called for incumbent LECs to file tariffs supported by cost-of-service data”); *In re July 1, 2014 Annual Access Charge Tariff Filings*, 29 FCC Rcd. 3133, *1, n.2 (Mar. 25, 2014) (establishing “procedures for filing of annual access charge tariffs . . . for . . . rate of return ILECs subject to sections 61.38 and 61.39” and noting that 47 C.F.R. § 61.38 applies to “rate of return carriers that file tariffs based on projected costs and demand”); *Connect America Fund Order*, ¶ 684 (“Rate of Return Carriers Filing Tariffs Based On Projected Costs and Demand: Section 61.38.”); *In re July 3, 2012 Annual Access Charge Tariff Filings*, 27 FCC Rcd 7322, 7327 n.2 (F.C.C. 2012) (“These tariffs were filed pursuant to . . . section 61.38 for rate-of-return LECs.”).

from its rate-of-return classification, INS cannot now disclaim that classification in an attempt to avoid the recently imposed negative consequences of such a classification -- *i.e.*, being subject to the *Connect America Fund Order* rules.

70. Because INS is a rate-of-return carrier, it is subject to the rule governing rate-of-return carriers in the Transitional Access Service Rules. 47 C.F.R. § 51.909 (“Transition of rate-of-return carrier access charges”). That rule provides that

(a) Notwithstanding any other provision of the Commission's rules, on December 29, 2011, a Rate-of-Return Carrier shall:

(1) cap the rates for all elements of services. . . contained in the definitions of End Office Access Service, Tandem Switched Transport Access Service, and Dedicated Transport Access Service, as well as all other interstate switched access rate elements, in its interstate switched access tariffs at the rate that was in effect on the December 29, 2011; and

47 C.F.R. § 51.909.

71. That rule also provides that INS should gradually reduce its intrastate access services rates. *Id.* § 51.909(b)-(d).

72. INS plainly violated Rule 51.909 by failing to reduce its tariffed intrastate access rates, and by charging rates in its tariff above the price caps established in the Transitional Access Service Rules. INS's rates were therefore unlawful.

2. In the Alternative, If INS Is Not a Rate-of-Return Carrier, It Is a CLEC, And CLECs Are Also Subject to the Transitional Access Service Rules.

73. To the extent that INS is not found to be a rate-of-return carrier for the purposes of the Transitional Access Service Rules, then, in the alternative, AT&T avers that INS is a competitive LEC, or CLEC. CLECs, like all carriers providing access services, are also subject to the Transitional Access Service Rules. *See Connect America Fund Order*, ¶¶ 798, 800-01; 47 C.F.R. § 51.911. Accordingly, if INS is not a rate-of-return carrier (as it argues), then it must be

a competitive LEC within the meaning of the FCC's Transitional Access Service Rules and is thus charging unlawful rates in its tariff.

74. Under Section 51.903 of the Transitional Access Service Rules, a "CLEC" is "any local exchange carrier, as defined in § 51.5, that is not an incumbent local exchange carrier." 47 C.F.R. § 51.903(a). Section 51.5, in turn, defines "local exchange carrier" as "any person that is engaged in the provision of telephone exchange service or exchange access." 47 C.F.R. § 51.5.

75. There is no question that INS provides "exchange access" and is therefore a LEC. Indeed, INS itself has admitted as much. *See Opening Br. of Pl. Iowa Network Servs. Inc. in Opp'n to Mot. of Quest Corp. for Summ. J. in Iowa Network Servs., Inc. v. Qwest Corp.*, No. 02-cv-40156 (S.D. Iowa Aug. 11, 2004) ("INS provides exchange access in conjunction with the many rural LECs which formed INS. . . . Because INS provides exchange access, it is a LEC."). At least one court has agreed that INS is a LEC. *Iowa Network Servs. v. Qwest Corp.*, 385 F. Supp. 2d 850, 897 (S.D. Iowa 2005) ("INS is, however, an LEC.").

76. Under the definition of "CLEC" in Section 51.903, a LEC is either an ILEC or a CLEC. 47 C.F.R. § 51.903(a). Thus, because INS is a LEC, if (as INS argues) it is not an ILEC rate-of-return carrier, then it must be a CLEC for the purposes of the Transitional Access Service Rules.

77. CLECs are subject to the FCC's Transitional Access Service Rules. *See Connect America Fund Order*, ¶¶ 800-01; 47 C.F.R. § 51.911. Section 51.911 states:

(a) Caps on Access Reciprocal Compensation and switched access rates.
Notwithstanding any other provision of the Commission's rules:

(1) In the case of Competitive LECs operating in an area served by a Price Cap Carrier, *no such Competitive LEC may increase the rate for any originating or terminating intrastate switched access service above the rate for such service in effect on December 29, 2011.*

(2) In the case of Competitive LEC[s] operating in an area served by an incumbent local exchange carrier that is a Rate-of-Return Carrier or Competitive LECs that are subject to the rural exemption in § 61.26(e) of this chapter, *no such Competitive LEC may increase the rate for any originating or terminating intrastate switched access service above the rate for such service in effect on December 29, 2011*, with the exception of intrastate originating access service. For such Competitive LECs, intrastate originating access service subject to this subpart shall remain subject to the same state rate regulation in effect December 31, 2011, as may be modified by the state thereafter.

47 C.F.R. § 51.911(a) (emphases added). INS, as a CLEC, is thus subject to the FCC's price cap.

78. However, INS has filed tariffs with rates that exceed the price caps in the FCC's Transitional Access Service Rules.

79. In addition, the Transitional Access Service Rules applicable to CLECs also require them to reduce intrastate switched access rates gradually over time. 47 C.F.R. § 51.911(b). INS has not reduced its rates for intrastate switched access services.

80. INS's tariffs and rates are therefore unlawful.

C. In the Alternative, If INS Is Neither a Rate-of-Return Carrier Nor a CLEC, Then It Was Not Entitled to Tariff Access Services At All, And Is Not Entitled To Any Recovery.

81. As explained above, the services that INS has tariffed and billed to AT&T are switched access services, or "exchange access." 47 U.S.C. § 153(20) (defining "exchange access" as the "offering of access to telephone exchange services or facilities for the purpose of the origination or termination of telephone toll services").

82. As detailed above, under the FCC's rules and under the Act, any entity that provides access services is a LEC. *See* 47 U.S.C. § 153 (defining "local exchange carrier" as "any person that is engaged in the provision of telephone exchange service or exchange access");

47 C.F.R. § 51.5 (same). Any LEC providing access service must be either an ILEC or a CLEC. *See* 47 C.F.R. 61.26(a); *see also* 47 C.F.R. § 51.903(a) (same).

83. If INS is neither an ILEC rate-of-return carrier nor a CLEC, then it is not authorized to provide regulated switched access services under the Act and the FCC's rules. Accordingly, INS was not eligible to file the tariff for access services, pursuant to which it has charged AT&T, and it is not entitled to recover for services it provided pursuant to that unlawful tariff.

II. INS ENGAGES IN "ACCESS STIMULATION" UNDER THE FCC'S RULES, BUT HAS UNLAWFULLY FAILED TO FILE A REVISED TARIFF AS PROVIDED IN THOSE RULES.

84. INS's charges to AT&T are unlawful on additional grounds: according to AT&T's analysis of the relevant bills, INS is presumptively engaged in "access stimulation" under the FCC's rules, and thus it was required to file revised tariffs pursuant to those rules. However, INS failed to make these required filings.

85. As discussed above, in 2011, the FCC issued rules to curtail "access stimulation," finding that when LECs enter into arrangements that result in "significant increases in access traffic with unchanged access rates," the result is "inflated profits" and rates that "almost uniformly" are "unjust and unreasonable under Section 201(b) of the Act." *Connect America Fund Order*, ¶ 657. To curtail the numerous "adverse effects of access stimulation," the FCC required LECs that engage in access stimulation to file revised tariffs with lower rates. *Id.* ¶¶ 667, 679.

86. The FCC's definition of "access stimulation" entails two conditions. The first is that a LEC has "either an interstate terminating-to-originating traffic ratio of at least 3:1 in a calendar month, or has had more than a 100 percent growth in interstate originating and/or

terminating switched access minutes of use in a month compared to the same month in the preceding year.” 47 C.F.R. § 61.3(bbb)(1)(ii).

87. INS satisfies this first condition. For example, in its most recent bills to AT&T in July 2014, INS’s billed minutes for terminating interstate switched access services were *more than 30 times* the volume of originating interstate switched access services – far in excess of the FCC’s 3:1 trigger. INS’s terminating to originating traffic ratios to AT&T were similar in prior months.

88. The second condition of “access stimulation” is the existence of an “access revenue sharing agreement,” which is an agreement:

[W]hether express, implied, written or oral, that, over the course of the agreement, would directly or indirectly result in a net payment to the other party (including affiliates) to the agreement, in which payment by the rate-of-return local exchange carrier or Competitive Local Exchange Carrier is based on the billing or collection of access charges from interexchange carriers or wireless carriers. When determining whether there is a net payment under this rule, all payments, discounts, credits, services, features, functions, and other items of value, regardless of form, provided by the rate-of-return local exchange carrier or Competitive Local Exchange Carrier to the other party to the agreement shall be taken into account.

47 C.F.R. § 61.3(bbb)(1)(i).

89. As the FCC has explained, its rule “focuses on revenue sharing that would result in a net payment” from the LECs to the other entity. *Connect America Fund Order*, ¶ 670. Because the precise nature of any revenue sharing arrangements is generally not known by the IXC, the FCC held that a “complaining carrier may rely on the 3:1 terminating-to-originating traffic ratio and/or the traffic growth factor for the traffic it exchanges with the LEC as the basis for filing a complaint. This creates a rebuttable presumption that revenue sharing is occurring and that the LEC has violated the FCC’s rules. The LEC then has the burden of showing that it does not meet both conditions of the definition.” *Id.* ¶ 699.

90. Because AT&T's records show that INS meets the 3:1 ratio, there is a rebuttable presumption that there is a revenue sharing agreement, thus satisfying the second condition of the FCC's definition of access stimulation.

91. Unless INS successfully rebuts the presumption under the FCC's rules, then it has engaged in access stimulation. As such, INS was required to file new tariffs after it began engaging in access stimulation. Because INS did not file revised tariffs when it was obligated to do so, INS cannot collect access charges under its unlawful tariffs.

III. INS HAS ENGAGED IN UNJUST AND UNREASONABLE PRACTICES IN VIOLATION OF SECTION 201(b) OF THE COMMUNICATIONS ACT.

92. The Communications Act broadly proscribes common carriers, like INS, from engaging in any practices that are unreasonable or unjust. 47 U.S.C. § 201(b).

93. Even if INS were billing rates that are consistent with the FCC's rules, which AT&T disputes, INS has engaged in unjust and unreasonable practices within the meaning of Section 201, which have caused significant damage to AT&T.

A. INS Has Unreasonably Conspired and Agreed with One or More Access Stimulation LECS to Force AT&T and Other IXCs to Incur Unjust, Unreasonable, and Unnecessary Transport Costs.

94. As explained above (*see supra* paragraphs 7, 28), INS was expressly created to *lower* the costs of transporting traffic to remote Iowa exchanges. Because the traffic volumes between any single LEC and any IXC were traditionally very small in those remote exchanges, it did not make economic sense for IXCs and these remote and small LECs to directly connect with each other. INS was created to address those cost concerns; by operating a fiber ring around Iowa, it should transport long distance traffic to the remote LECs at lower costs to the IXCs and their customers.

95. However, when it comes to transporting large volumes of traffic associated with access stimulation schemes, the use of INS no longer results in lower costs to IXC's. To the contrary, the traffic to be transported to access-stimulating LECs in Iowa consists of such high volumes that paying INS to transport the traffic *increases* costs to IXC's, and, in turn, to long distance consumers.

96. About 80 percent of the minutes of use handled by INS are associated with access stimulated traffic, and most of that access stimulated traffic is associated with competitive LECs. Indeed, one competitive LEC in Iowa, Great Lakes Communications Corp. ("Great Lakes") handles such large volumes of traffic that, in terms of traffic volumes, it is the largest LEC in Iowa. Great Lakes handles *9 times* more traffic in Iowa than Qwest/Century Link, which has traditionally been the largest local carrier in Iowa.

97. INS's own Complaint alleges that it has an agreement with Great Lakes, the largest access stimulating LEC in Iowa. (Compl. ¶ 86.) The agreement states that "calls to and from Great Lakes' facilities *will be* transmitted over the [INS] network." (*Id.* (emphasis added).) Thus, because of INS's practices and contracts, AT&T has no choice but to route traffic associated with Great Lakes to INS.

98. Under the FCC's 2011 access stimulation rules, the FCC intended to "significantly reduce" the amounts that long distance carriers would pay for access stimulated traffic associated with competitive LECs. *Connect America Fund Order*, ¶ 690. In particular, the costs associated with terminating these types of calls were supposed to be no higher than what it would cost if the calls were being handled by the lowest-priced "price cap" carrier in Iowa, which is Qwest/Century Link.

99. However, contrary to those rules, because of INS's CEA charges and INS's agreement with Great Lakes, AT&T is paying much more on access stimulation to Great Lakes and other such competitive LECs than it would if these calls were being handled by Qwest/Century Link.

100. Traditional incumbent LECs like Qwest/Century Link, as well as many other LECs, offer another method of transporting long distance traffic, called a "direct trunk" or "direct connect." Under a direct connect arrangement, the LEC's end office facilities are directly connected to the IXC's long distance network. As a consequence, the IXC does not pay for "tandem" related switched access services at all in a direct connect arrangement. Further, the direct connect arrangements are not generally priced on a per minute (or traffic sensitive) basis (like INS's CEA service). Rather, these direct trunks are priced on a flat fee basis, depending on the capacity of the facility that carries the traffic.

101. As a consequence, the use of a direct connect arrangement like those offered by Qwest/Century Link and other LECs, instead of INS's CEA service, would dramatically reduce AT&T's costs of routing traffic to competitive LECs like Great Lakes that are engaged in carrying access stimulated traffic.

102. AT&T estimates that, if a direct connect arrangement were established with Great Lakes, for example, the costs of that direct connect arrangement would be only about 10 percent of what AT&T is being billed by INS on traffic associated with Great Lakes.

103. AT&T's data show that from September 2013 through May 2014, INS has billed AT&T in excess of \$11.5 million. Of that \$11.5 million, \$7.2 million is associated with Great Lakes' traffic, virtually all of which was for access stimulation. Accordingly, because INS and Great Lakes have required AT&T to use INS to route access stimulated traffic to Great Lakes,

AT&T is being billed several million dollars more in access services than is necessary or reasonable.

104. In sum, as to the access stimulated traffic to Iowa LECs, it is not necessary for calls to be routed via INS, through INS's tandem switch in Des Moines. Further, the per minute transport charges that INS assesses on access stimulated traffic are also unnecessary and inflate the costs to AT&T, compared to the direct connect arrangements that are offered by Qwest/Century Link and other LECs. Accordingly, the use of INS's services on access stimulated traffic has the effect of raising rather than lowering AT&T's costs.

105. Such increased costs are inconsistent with the FCC's directives when it approved INS's operations, and when it promulgated its access stimulation rules. Further, these increased costs for transport do not result in any benefits for AT&T or for customers. *See AT&T Corp. v. Alpine Commc'ns, LLC et al.*, 27 FCC Rcd. 11511, *11-12 (holding that it is unjust and unreasonable in violation of Section 201(b) to insist on transport arrangements that only increase customers' costs without offsetting benefits).

106. INS's agreement with Great Lakes and its practice of charging AT&T on access stimulated traffic, particularly to competitive LECs such as Great Lakes, are unjust and unreasonable under Section 201(b) of the Act. INS's unreasonable practices and agreements unfairly require AT&T to use INS in routing traffic to these LECs, increasing AT&T's costs, contrary to the FCC's purposes in authorizing INS to operate CEA service and in revising its rules for access stimulation.

B. INS' Agreement Is Unreasonable Because It Is Not The Exclusive Provider Of Transport Services to Iowa CLECs Such As Great Lakes.

107. INS has alleged that the "FCC has held it is INS' sole responsibility to provide all transport facilities between the LEC's network and the facilities of long distance telephone companies." (Compl. ¶ 87.)

108. No authority holds that INS is the only transport provider through which IXC's can connect to CLECs in Iowa. Indeed, no CEA provider has the right to be the exclusive transport provider for CLEC-IXC connections, which industry practices confirm. In Iowa, South Dakota, and Minnesota (each of which has CEA providers), CLECs often interconnect through Qwest or some other tandem switch provider – and not through the CEA provider. AT&T's review of the industry data reveals that in those states, Sprint, Level 3, Verizon Business, XO, Eschelon, Integra, Comcast and Charter (among others) are all CLECs that have established connections with IXC's via the Qwest tandem switches rather than the CEA provider in the state. If CLECs were required by law to connect through CEA providers, then all of these carriers' connections would be unlawful. That is plainly not the case. As such, INS cannot claim that it has been deemed the exclusive provider of transport services.

109. Moreover, any requirement that INS serve as the exclusive transport provider to route calls to CLECs in Iowa is antithetical to the purpose of the CEA arrangements, and more generally with the pro-competitive purposes of the Act, which was designed to open local markets to competition.

110. For these reasons, INS's assertion that it is the exclusive provider of services for CLECs that connect with INS unreasonably forces AT&T to use inefficient and costly routing arrangements, and AT&T thereby incurs unjust, unreasonable, and unnecessary transport costs.

INS's practice is an unjust and unreasonable one, in violation of Section 201(b) of the Act, 47 U.S.C. § 201(b).

COUNT I
(Violation of 47 U.S.C. § 201(b))

111. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

112. Section 201(b) of the Communications Act states that “[a]ll . . . practices . . . in connection with . . . communications service[] shall be just and reasonable[] and any . . . practice . . . that is unjust or unreasonable is declared to be unlawful.” 47 U.S.C. § 201(b).

113. INS's bills to AT&T include charges for interstate and intrastate switched access services, which INS allegedly provided pursuant to its tariffs. Those rates exceed the prices that the FCC established in its *Connect America Fund Order* and its implementing rules, the Transitional Access Service Rules.

114. INS is subject to those FCC Rules and to the *Connect America Fund Order* because it is providing switched access services that are subject to those rules and the *Order*. Further, INS is, and has been regulated as a rate-of-return carrier. INS has made a factual representation that it is a rate-of-return carrier. INS has also filed tariffs under Section 61.38, which is the section of the FCC's rules that rate-of-return ILECs use to file tariffs. The FCC and courts have relied on INS's representations, and INS has benefitted from such reliance. INS has now taken a position directly contradictory to its prior factual representation, *i.e.*, INS asserted in its Complaint that it is not a rate-of-return carrier. However, INS is estopped from doing so.

115. In the alternative, INS is subject to the Transitional Access Service Rules because it is a CLEC. *See* 47 C.F.R. § 51.911. Under Sections 51.903 and 51.5, INS must be a CLEC if

it is not an ILEC, because an entity providing exchange access, as INS is, must be either a CLEC or an ILEC. 47 C.F.R. §§ 51.5, 51.903.

116. In violation of the FCC's rules, INS raised its interstate switched access rates above the cap established by the FCC. Further, INS failed to reduce its intrastate switched access services as required by the FCC's rules.

117. INS's failure to charge the rates required by the FCC's rules is unjust and unreasonable, and is an unjust and unreasonable practices in violation of Section 201(b) of the Communications Act, 47 U.S.C. § 201(b).

118. INS's charges to AT&T pursuant to its unlawful tariffs are unjust and unreasonable in violation of Section 201(b) of the Communications Act, 47 U.S.C. § 201(b).

119. AT&T has been damaged by INS's violations of Section 201(b) of the Communications Act, and AT&T prays for damages in an amount to be determined at trial, interest, attorneys' fees, court costs, declaratory relief, injunctive relief, and an such other relief as this Court may deem just and reasonable.

COUNT II
(Violation of 47 U.S.C. § 203)

120. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

121. Section 203 of the Communications Act provides, among other things, that "[n]o carrier . . . shall engage or participate in such communication unless schedules have been filed and published in accordance with the provisions of this Act and the regulations made thereunder." 47 U.S.C. § 203(c).

122. Under this provision of the Act and the FCC's rules, carriers may not collect tariffed charges for regulated services unless and until they (1) have a valid and lawful tariff for those services and (2) provided the services pursuant to the terms and conditions of such a tariff.

123. INS's tariffs were not lawfully filed, and do not comply with, the regulations of the FCC, including the FCC's Transitional Access Service Pricing Rules.

124. INS's tariffs are therefore not valid or lawful, and should not have been filed.

125. INS's tariffs did not become effective or lawful, since they contained rates and conditions that violate the FCC's rules.

126. By filing tariffs with rates that violate the FCC's rules, INS has violated Section 203 of the Act, 47 U.S.C § 203.

127. By attempting to charge AT&T for regulated communications services, without a valid and lawful tariff, INS has violated Section 203 of the Act, 47 U.S.C. § 203.

128. AT&T has been damaged by INS's violations of Section 203 of the Communications Act, and AT&T prays for damages in an amount to be determined at trial, interest, attorneys' fees, court costs, declaratory relief, injunctive relief, and an such other relief as this Court may deem just and reasonable.

COUNT III
(Violation of 47 U.S.C. § 201(b))

129. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

130. Section 201(b) of the Communications Act states that "[a]ll . . . practices . . . in connection with . . . communications service[] shall be just and reasonable[] and any . . . practice . . . that is unjust or unreasonable is declared to be unlawful." 47 U.S.C. § 201(b).

131. INS's bills to AT&T include charges for interstate switched access services pursuant to its tariffed rates. If INS is determined not to be a LEC, then it is not authorized to file a tariff for the provision of switched access services. Nor does INS have an express contract with AT&T to provide switched access services. Thus, if INS is not a LEC, then it has no basis upon which to provide switched access service, and has no basis for recovery of the charges it has billed AT&T for providing switched access service.

132. INS's charges to AT&T pursuant to its unlawful tariffs are unjust and unreasonable in violation of Section 201(b) of the Communications Act, 47 U.S.C. § 201(b).

133. AT&T has been damaged by INS's violations of Section 201(b) of the Communications Act, and AT&T prays for damages in an amount to be determined at trial, interest, attorneys' fees, court costs, declaratory relief, injunctive relief, and an such other relief as this Court may deem just and reasonable.

COUNT IV
(Violation of 47 U.S.C. § 201(b))

134. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

135. Section 201(b) of the Communications Act states that "[a]ll . . . practices . . . in connection with . . . communications service[] shall be just and reasonable[] and any . . . practice . . . that is unjust or unreasonable is declared to be unlawful." 47 U.S.C. § 201(b).

136. INS has conspired or agreed with access stimulating LECs to force AT&T to use inefficient routing to transport long distance traffic to remote Iowa LECs through INS. For example, INS has an agreement with Great Lakes that requires calls to and from Great Lakes' facilities to be transmitted over INS's network.

137. INS's practice has forced AT&T to incur unjust, unreasonable, and unnecessary costs. As a result of access stimulation schemes, large volumes of traffic are routed to LECs serving remote exchanges, which tremendously increases AT&T's costs. If AT&T were permitted to use other routes to carry the traffic, including "direct connections," then its costs would be dramatically lower. This result is inconsistent with the *Connect America Fund Order*, which was expressly designed to lower costs to IXCs and their paying customers. It is also inconsistent with the FCC's orders authorizing INS to provide CEA services, which the FCC found were to lower costs of transporting traffic.

138. The increased costs for transport as a result of the unreasonable agreements between INS and access stimulating LECs, including Great Lakes, do not result in any benefits for AT&T or its ordinary long distance customers.

139. AT&T has been damaged by INS's violations of Section 201(b) of the Communications Act, and AT&T prays for damages in an amount to be determined at trial, interest, attorneys' fees, court costs, declaratory relief, injunctive relief, and an such other relief as this Court may deem just and reasonable.

COUNT V
(Declaratory Ruling)

140. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

141. The tariffs filed by INS, and pursuant to which INS rendered bills to AT&T, contain rates for switched access charges in violation of the price caps established by *Connect America Fund*. The tariff therefore violates the *Connect America Fund Order* and the FCC's implementing rules.

142. AT&T is entitled to judgment under 28 U.S.C. § 2201(a) declaring that: (i) INS is subject to the *Connect America Fund Order* and the FCC's implementing rules; (ii) INS's tariffed rates exceed the price caps established in the *Connect America Fund Order* and the FCC's implementing rules; (iii) AT&T is not obligated to pay the disputed interstate charges that appear on the bills rendered by INS to AT&T.

COUNT VI
(Declaratory Ruling)


143. AT&T repeats and re-alleges each and every allegation contained in the foregoing paragraphs of its counterclaims as if set forth fully herein.

144. There is no authority holding that INS is the exclusive provider of transport services to CLECs in Iowa. Any such exclusive right would contravene the purposes of both the CEA arrangement and the Telecommunications Act, which was implemented to increase local competition. Moreover, standard industry practice demonstrates no such right exists; in various states in which CEA arrangements exist, multiple CLECs interconnect with a tandem switch provider other than the CEA provider.

145. AT&T is entitled to judgment under 28 U.S.C. § 2201(a) declaring that INS is not the exclusive provider of transport services to CLECs.

WHEREFORE, for the reasons stated above, AT&T respectfully requests that judgment be entered for AT&T on each and all of its claims, together with appropriate damages, declaratory relief, injunctive relief, reasonable costs and fees, including attorneys' fees and expert fees, and interest together with such other and further relief as this Court may deem just and equitable under the circumstances.

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Attorneys for Defendant AT&T Corp.

JURY DEMAND

Defendant/Counter-Claimant AT&T Corp. hereby demands a trial by jury on all issues so triable.

Dated: August 4, 2014

DAY PITNEY LLP

By: 
RICHARD H. BROWN

CERTIFICATION PURSUANT TO L. CIV. R. 11.2

I certify that, to the best of my knowledge, this matter is not the subject of any other action pending in any court or of any pending arbitration or administrative proceeding. I certify under penalty of perjury under the laws of the United States of America that the foregoing is truth and correct.



RICHARD H. BROWN

Dated: August 4, 2014

Exhibit 46

**INS April 2017 Revised Tariff Filing
(filed Apr. 14, 2017)**



Fletcher, Heald & Hildreth

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**Filed Pursuant to
§ 204(a)(3) of the
Communications Act on
15 Days Notice**

April 14, 2017

FILED ELECTRONICALLY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Attention: Wireline Competition Bureau

Transmittal No. 33

FRN: 0002-5807-10
Iowa Network Services, Inc.

FRN: 0005-0110-69
Fletcher, Heald & Hildreth

Re: Revisions to Tariff F.C.C. No. 1 of Iowa Network Access Division

Dear Ms. Dortch:

The accompanying tariff material, issued on behalf of Iowa Network Access Division ("INAD"), and bearing Tariff F.C.C. No. 1, Access Services, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended.

This filing, containing tariff material to become effective on April 29, 2017, consists of tariff pages as indicated on the following check sheets:

PUBLIC VERSION

Marlene H. Dortch, Secretary
April 14, 2017
Page 2

Tariff F.C.C. No.
1

Check Sheet Revision No.
29th Revised Page 1
14th Revised Page 1.1

This filing adds High-Volume Traffic Contract Tariff No. 1, which is based upon a contract that was negotiated with and voluntarily agreed to by an interexchange carrier that has not previously purchased centralized equal access (“CEA”) service. High-Volume Traffic Contract Tariff No. 1 offers access tandem switching and transport services at a rate and on terms and conditions that differ from the existing interstate tandem switching and transport tariff rate, terms, and conditions applicable to standard tariff-only CEA service. With the filing and approval of this contract tariff, INAD is making the same contract rate, terms, and conditions generally available to similarly situated interexchange carriers that execute the same contract.

In support of the new contract tariff rate, cost support and a Description and Justification are being filed contemporaneously in accordance with Section 61.38 of the Commission’s rules.

This filing has been submitted electronically through the Commission’s Electronic Tariff Filing System (“ETFS”), in accordance with Section 61.13(b) of the Commission’s rules and regulations. 47 C.F.R. § 61.13(b). The statutory processing fee in the amount of \$925.00 is being delivered via overnight mail to the Federal Communications Commission (Tariff Filings, P.O. Box 979091, St. Louis, MO 63197-9000) along with the original transmittal letter and FCC Form 159, in accordance with Section 61.15(b)(1). 47 C.F.R. § 61.15(b)(1).

Acknowledgement and date of receipt of this filing is requested. A duplicate copy of this letter is provided for this purpose.

Should you have any questions concerning this matter, please contact James U. Troup at (703) 812-0511. Petitions or comments should be faxed to (703) 812-0486.

Sincerely,



James U. Troup

Counsel for
Iowa Network Services, Inc.

Attachments

***IOWA NETWORK SERVICES, INC.
dba AUREON NETWORK SERVICES***

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1

TRANSMITTAL NO. 33

DESCRIPTION AND JUSTIFICATION

COST SUPPORT MATERIAL

APRIL 14, 2017

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1

TRANSMITTAL NO. 33

**PROSPECTIVE PERIOD
JANUARY 1, 2017 – DECEMBER 31, 2017**

INDEX

Section	Description
	Transmittal Letter
1	Introduction, Overview and Rate Development
2	Development of Switched Transport Charge and Study Period Projected Access Minutes
3	Projected Part 36 Revenue Requirement Summary
4	Projected Part 64 Revenue Requirement Summary

IOWA NETWORK ACCESS DIVISION

INTRODUCTION, OVERVIEW AND RATE DEVELOPMENT

INTRODUCTION

Iowa Network Access Division (“INAD”) presents this filing to support its High-Volume Traffic Contract Tariff No. 1, which is based upon a contract that was negotiated with and voluntarily agreed to by an interexchange carrier that has not previously purchased centralized equal access (“CEA”) service. High-Volume Traffic Contract Tariff No. 1 offers access tandem switching and transport services at a rate and on terms and conditions that differ from its existing interstate tandem switching and transport tariff rate, terms, and conditions applicable to CEA service contained in Tariff F.C.C. No. 1. With the filing and approval of this contract tariff, INAD is making the same contract rate, terms, and conditions generally available to similarly situated interexchange carriers that execute the same contract. By ordering service under High-Volume Traffic Contract Tariff No. 1, the customer agrees to provisioning flexibility for INAD and other terms that will result in the customer receiving a switching and transport service that is not like the CEA service that is not subject to those additional terms and conditions.

This filing is subject to Section 61.38 of the Commission’s rules. Set forth in Subpart E of Part 61, entitled “General Rules for Dominant Carriers,” Section 61.38 applies to all dominant carriers even those, like INAD, which are neither incumbent local exchange carriers (“ILECs”) nor competitive local exchange carriers (“CLECs”).

When granting Section 214 authority to INAD, the Commission classified INAD as a dominant carrier providing CEA service. Application of Iowa Network Access Division for Authority Pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission’s Rules and Regulations, 3 FCC Rcd 1468, 1469 ¶ 10 (1988). However, INAD is neither an ILEC nor a CLEC. INAD is not a Rate-of-Return Carrier (as defined by Section 51.903(g) of the Commission’s rules), and INAD is not an ILEC (as defined by 47 U.S.C. § 251(h)), because INAD has never been a member of NECA and does not provide telephone exchange service. Furthermore, INAD is not a CLEC because INAD is a dominant carrier. CLEC rates are regulated under Section 61.26 of the Commission’s rules, which is contained in Subpart C of Part 61, entitled “General Rules for Nondominant Carriers.” Rather than CLEC rate benchmarking, INAD has always calculated its CEA tariff rates on the basis of cost studies and call volume data in compliance with Section 61.38 of the Commission’s rules.

Although INAD is not an ILEC or CLEC, INAD has strived to file its cost support in a format that is familiar to the Commission in order to facilitate the Commission’s review. Accordingly, INAD is providing data as consistent as possible with established procedures for the filing of tariffs for dominant carriers subject to rate of return regulation pursuant to Section

61.38 of the Commission's rules. This documentation volume contains the introduction, overview, rate development narrative, access rate development and corresponding cost support material filed with the FCC on April 14, 2017.

OVERVIEW

Schedule A of Section 2 presents a summary of the proposed tandem switching and transport contract tariff rate to be effective on April 29, 2017. INAD proposes to implement a switched transport rate under contract of \$0.00649 per minute of use which exceeds its fully distributed cost of \$0.00604 per minute. The Company's proposed switched transport rate under contract of \$0.00649 per access minute is projected to generate annual switched transport revenues under contract of \$1,168,200 and exceeds its corresponding projected annual revenue requirement of \$1,087,200 by \$81,000. As evidenced by these results, INAD submits that its proposed switched transport contract service offering provides revenues in excess of fully distributed cost and is therefore not being subsidized by its standard CEA service that is only offered under tariff.

In consideration for the customer voluntarily agreeing to greater provisioning flexibility for INAD and other terms that are not currently imposed upon standard CEA service, High-Volume Traffic Contract Tariff No. 1 establishes a negotiated switched transport rate that is lower than the switched transport rate set forth for standard CEA service in section 6.8.1 of Tariff F.C.C. No. 1. Estimated minutes-of-use (MOUs) discussed during contractual negotiations are presented in the cost support material accompanying this filing. Since this is a request for a new service offering, there is no historical MOU data available to present for comparative analysis.

Because the Commission has not adopted procedures specifically for the preparation of cost support material filed by providers of CEA service, INAD has tailored the procedures for other dominant carriers to reflect the unique characteristics of its switched transport network. Therefore, despite the fact that INAD is not an ILEC, INAD has developed its cost support consistent with the following procedures in order to help the Commission follow the methodology that was used to calculate the proposed contract tariff rate for switched transport service:

- A) Financial reporting is in accordance with the Uniform Systems of Accounts and Financial Reporting Requirements of Class A and Class B Telephone Companies, CC Docket 78-196 (Part 32 Order) and all subsequent revisions to the rules adopted through the period ending April 13, 2017.
- B) Jurisdictional allocation is in accordance with Federal Communications Commission's Rules adopted in CC Docket Nos. 78-72, 80-286, 86-297 and FCC Docket 87-134 released August 18, 1987 (Part 36 Order) and all subsequent revisions to the rules adopted through the period ending April 13, 2017.

RATE DEVELOPMENT

Development of the switched transport contract rate is provided for comparative analysis only since the proposed switched transport contract rate was negotiated in a competitive marketplace. INAD is presenting its cost support material to verify that its switched access service under contract is being provided at a rate that generates revenues in excess of its fully distributed cost of providing the contract service. Development of the fully distributed cost associated with the switched transport contract service reflected in the contract tariff filing was accomplished as follows:

- 1) Projection of test period investment, revenue and expense was determined based on the best estimates of management using fixed, known and measurable amounts from INAD's 2016 operations and estimates from its 2017 operating budget.
- 2) Projection of the test period INAD revenue requirement was accomplished using FCC Part 64 cost allocation procedures applied to total company projected investment and expense amounts determined in (1) above. INAD's revenue requirement summary data is contained in Section 5 of the cost support material.
- 3) Projection of the test period switched transport revenue requirement for contract service was accomplished using Part 36 separation procedures applied to projected total INAD investment and expense amounts determined in (2) above. INAD's switched transport revenue requirement for contract service was determined using a return on investment of 11.00% which reflects the rate of return currently authorized by the FCC for interstate ratemaking purposes. The summary Part 36 revenue requirement is contained in Section 3 of the cost support material.
- 4) Projected switched transport minutes for contract service represents an estimate of management based on contract negotiations. Projected switched transport minutes under contract for a representative twelve month period are presented in Section 2, Schedule B following.
- 5) INAD's annual switched transport revenue requirement for contract service determined in (3) above for the projected test period amounts to \$1,087,200 and is presented in Section 3 of the cost support material.
- 6) The projected switched transport charge for contract service supported by the projected costs of INAD is determined by dividing the annual switched transport revenue requirement for contract service of \$1,087,200 determined in (5) above by projected annual switched transport contract minutes of 180,000,000 determined in (4) above resulting in a cost of \$0.00604 per contracted switched transport minute. An analysis of the development of the switched transport contract rate based on fully distributed cost is presented on Schedule A in Section 2. However, since the proposed switched transport contract tariff rate of \$0.00649 exceeds the fully distributed cost of \$0.00604 per contracted switched

transport minute, INAD submits that its proposed switched transport contract service offering is not being subsidized by its standard tariff-only CEA service offering.

SUMMARY

INAD's switched transport contract tariff filing is supplemented by the enclosed cost support material. Schedule A compares INAD's proposed switched transport contract tariff charge of \$0.00649 with its fully distributed cost of \$0.00604 per minute for the contract service. Through this filing, INAD requests that the Commission permit the proposed switched transport contract tariff service offering and rate to become effective and deemed lawful, as the contract tariff offering is in the public interest, was negotiated in a competitive environment, and the negotiated rate is above fully distributed costs.

Included in the cost support material are schedules depicting projected investment and expense data, estimated demand quantities, jurisdictional cost allocations and rate calculations for the test period based on 2016 historical operations and estimates from INAD's 2017 operating budget.

SECTION 2

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
IOWA NETWORK ACCESS DIVISION
SWITCHED TRANSPORT CONTRACT RATE DEVELOPMENT
FOR THE YEAR ENDED 2017 Pro Forma

SECTION 2
SCHEDULE A

	<u>SOURCE</u>	<u>CURRENT RATE</u>	<u>COST SUPPORT</u>	<u>DIFFERENCE</u>
1 SWITCHED TRANSPORT RATE	(BELOW)	\$0.00649	\$0.00604	(\$0.0005)
2 STUDY PERIOD ACCESS MINUTES	SCHEDULE B	<u>180,000,000</u>	<u>180,000,000</u>	
3 STUDY PERIOD ACCESS REVENUE	LN 1*LN 2	<u>\$1,168,200</u>	<u>\$1,087,200</u>	<u>(\$81,000)</u>

<u>ACCESS RATE DEVELOPMENT</u>	<u>SOURCE</u>	<u>AMOUNT</u>
4 REVENUE REQUIREMENT	SECTION 4	\$1,087,152
5 LESS: MISCELLANEOUS REVENUE	RECORDS	<u>0</u>
7 ACCESS REVENUE REQUIREMENT	LN 4-LN 5	<u>\$1,087,152</u>
8 ACCESS MINUTES	SCHEDULE B	<u>180,000,000</u>
9 ACCESS RATE PER MOU	LN 4/LN 5	<u>\$0.00604</u>

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
 IOWA NETWORK ACCESS DIVISION
 SWITCHED TRANSPORT CONTRACT RATE DEVELOPMENT
 FOR THE YEAR ENDED 2017 Pro Forma

SECTION 2
 SCHEDULE B

PRO FORMA ALL CARRIERS	DAYS	CONTRACTED MINUTES	
		MINUTES	REVENUES
5/1/2017-5/31/2017	31	13,770,000	\$89,367
6/1/2017-6/30/2017	30	13,656,822	\$88,633
7/1/2017-7/31/2017	31	13,929,958	\$90,405
8/1/2017-8/31/2017	31	14,208,558	\$92,214
9/1/2017-9/30/2017	30	14,492,729	\$94,058
10/1/2017-10/31/2017	31	14,782,583	\$95,939
11/1/2017-11/30/2017	30	15,078,235	\$97,858
12/1/2017-12/31/2017	31	15,379,800	\$99,815
1/1/2018-1/31/2018	31	15,687,396	\$101,811
2/1/2018-2/28/2018	28	16,001,144	\$103,847
3/1/2018-3/31/2018	31	16,321,166	\$105,924
4/1/2018-4/30/2018	30	16,691,609	\$108,329
TOTAL	365	180,000,000	\$1,168,200

SECTION 3

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 36 JURISDICTIONAL SEPARATIONS
ACCESS DIVISION

SECTION 3

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REVENUE REQUIREMENT SUMMARY

S-1,1of1

LN	ALLOCATION RATIOS	TOTAL COMPANY	ALLOCATION BASIS	CONTRACT TRAFFIC	OTHER
REVENUE REQUIREMENT SUMMARY					
1	NET INVESTMENT FOR SETTLEMENTS	1,602,871	NOTE A	88,458	1,514,414
2	RATE OF RETURN			11.0000%	10.8376%
3	RETURN ON INVESTMENT	173,856	LN1*LN 2	9,730	164,125
4	ALLOWANCE FOR FUNDS USED DURING CONSTR	0	S-8, LN 29	0	0
5	NET RETURN FOR SETTLEMENTS	173,856	LN3-LN4	9,730	164,125
6	TOTAL ITC AMORTIZATION	0	S-12, LN 28+29	0	0
7	FEDERAL OPERATING INCOME TAX (ACTUAL)	0	S-12, LN 30	0	0
8	FEDERAL OPERATING INCOME TAX (OPTION)	80,874	LN28-LN11	4,534	76,340
9	STATE AND LOCAL INCOME TAX (ACTUAL)	0	S-12, LN 31	0	0
10	STATE AND LOCAL INCOME TAX (OPTION)	26,922	LN 33	1,509	25,413
11	PROVISION FOR DEFERRED INCOME TAX	0	S-12, LN 33	0	0
13	OPERATING EXPENSE AND TAX	19,081,503	S-8, LN 18	1,066,559	18,014,944
14	NONOPERATING EXPENSE	78,806	S-8, LN 23	4,820	73,986
15	UNCOLLECTIBLES	18,642,577	S-8, LN 28	0	18,642,577
16	BASIS FOR GROSS RECEIPTS TAX	38,084,537		1,087,152	36,997,385
17	GROSS RECEIPTS TAX RATE (GROSS UP)			0.0000%	0.0000%
18	GROSS RECEIPTS TAX	0		0	0
19	TOTAL REVENUE REQUIREMENT	38,084,537		1,087,152	36,997,385

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402 OTHER THAN RTB STOCK.

***** **					
OPTIONAL GROSS UP INCOME TAX CALCULATION					
20	RETURN ON INVESTMENT	173,856	LN 3	9,730	164,125
21	INTEREST AND RELATED ITEMS	16,866	S-12, LN 19	930	15,936
22	OTHER INCOME ADJUSTMENTS	0	S-12, LN 24+25	0	0
23	TOTAL INCOME ADJUSTMENTS	16,866	LN 21+22	930	15,936
24	FEDERAL ITC AMORTIZATION	0	S-12, LN 28	0	0
25	FEDERAL TAXABLE INCOME	237,864		13,334	224,530
26	FEDERAL INCOME TAX @ 34.00%	80,874	LN 25*FIT	4,534	76,340
27	FEDERAL SURTAX ALLOCATION	0	S-2, LN 34	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC	80,874	LN26-LN27	4,534	76,340
29	STATE ITC AMORTIZATION	0	S-12, LN 29	0	0
30	STATE TAXABLE INCOME	224,349		12,576	211,772
31	STATE INCOME TAX @ 12.00%	26,922	LN 30*SIT	1,509	25,413
32	STATE SURTAX EXEMPTION	0	S-2, LN 34	0	0
33	NET STATE INCOME TAX BEFORE ITC	26,922		1,509	25,413

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 36 JURISDICTIONAL SEPARATIONS
ACCESS DIVISION

SECTION 3

S-2,1of1

SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

S-2,1of1

LN	ALLOCATION RATIOS		TOTAL COMPANY	ALLOCATION BASIS	CONTRACT TRAFFIC	OTHER
	NET INVESTMENT SUMMARY					
1	GENERAL SUPPORT FACILITIES	2110	8,129,852	S-3, LN 10	448,284	7,681,567
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210	27,884,416	S-4, LN 52	1,537,562	26,346,854
3	OPERATOR SYSTEMS EQUIPMENT	2220	0	S-4, LN 41	0	0
4	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230	0	S-4, LN 78	0	0
5	INFORMATION ORIG/TERM EQUIPMENT	2310	0	S-5, LN 17	0	0
6	CABLE AND WIRE FACILITIES	2410	0	S-5, LN 42	0	0
7	TANGIBLE ASSETS	2680	1,415,841	S-3, LN 29	78,070	1,337,770
8	INTANGIBLE ASSETS	2690	0	S-3, LN 36	0	0
9	TOTAL PLANT IN SERVICE A/C 2001		37,430,108		2,063,917	35,366,191
10	% DISTRIBUTION		100.0000%		5.5141%	94.4859%
11	PROPERTY HELD FOR FUTURE USE	2002	0	S-6, LN 9	0	0
12	PLANT UNDER CONSTR - SHORT TERM	2003	0	S-6, LN 15	0	0
13	PLANT UNDER CONSTR - LONG TERM	2004	0	S-6, LN 21	0	0
14	TELEPHONE PLANT ADJUSTMENT	2005	0	S-6, LN 27	0	0
15	NONOPERATING PLANT	2006	0	DIRECT	0	0
16	GOODWILL	2007	0	DIRECT	0	0
17	TOTAL PROPERTY, PLANT & EQUIPMENT		37,430,108		2,063,917	35,366,191
18	% DISTRIBUTION		100.0000%		5.5141%	94.4859%
19	ACCUM DEPRECIATION - PLANT IN SERVICE	3100	33,191,338	S-7, LN 18	1,830,189	31,361,149
20	ACCUM DEPRECIATION - FUTURE USE	3200	0	S-7, LN 19	0	0
21	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400	1,368,509	S-7, LN 23	75,460	1,293,049
22	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500	0	S-7, LN 24	0	0
23	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600	0	S-7, LN 25	0	0
24	OPERATING DEFERRED INCOME TAX - NET	VAR	1,815,804	S-7, LN 32	100,124	1,715,680
25	OTHER DEFERRED CREDITS - NET	4360	0	S-7, LN 38	0	0
26	NET TELEPHONE PLANT		1,054,457		58,143	996,313
27	% DISTRIBUTION		100.0000%		5.5141%	94.4859%
28	MATERIALS AND SUPPLIES	1220	0	S-6, LN 31	0	0
29	INVESTMENT IN NONAFFILIATED CO'S	1402	0	S-6, LN 35	0	0
30	EQUAL ACCESS EQUIPMENT	1439	0	S-6, LN 36	0	0
31	OTHER JURISDICTIONAL ASSETS	1500	0	S-6, LN 37	0	0
32	CASH WORKING CAPITAL	XXXX	548,415	S-3, LN 3	30,314	518,100
33	NET TEL PLANT, M&S AND CASH WORKING CAPITAL		1,602,871		88,458	1,514,414
34	% DISTRIBUTION		100.0000%		5.5187%	94.4813%

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 36 JURISDICTIONAL SEPARATIONS
ACCESS DIVISION

SECTION 3

S-8,1of1

SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	ALLOCATION RATIOS		TOTAL COMPANY	ALLOCATION BASIS	CONTRACT TRAFFIC	OTHER
	OPERATING EXPENSE AND TAX SUMMARY					
1	NETWORK SUPPORT EXPENSE	6110	0	S-9,LN 7	0	0
2	GENERAL SUPPORT EXPENSE	6120	137,250	S-9,LN 8	7,568	129,682
3	CENTRAL OFFICE EXPENSE	6210	425,886	S-9,LN 15	23,484	402,402
4	INFORMATION ORIG/TERM EXPENSE	6310	0	S-9,LN 21	0	0
5	CABLE AND WIRE FACILITIES EXPENSE	6410	14,675,151	S-9,LN 25	807,486	13,867,665
6	OTHER PLANT EXPENSE	6510	0	S-10,LN 11	0	0
7	NETWORK OPERATIONS EXPENSE	6530	125,943	S-10,LN 13	6,945	118,998
8	ACCESS CHARGE EXPENSE	6540	0	S-10,LN 14	0	0
9	MARKETING EXPENSE	6610	0	S-11,LN 13	0	0
10	SERVICES EXPENSE	6620	3,884	S-11,LN 44	3,995	-112
11	EXECUTIVE AND PLANNING EXPENSE	6710	641,987	S-12,LN 8+9	35,487	606,500
12	GENERAL AND ADMINISTRATIVE EXPENSE	6720	1,402,744	S-12,LN 11+12	89,584	1,313,160
13	SUBTOTAL OPERATING EXPENSES		17,412,844		974,548	16,438,296
14	% DISTRIBUTION		100.0000%		5.5967%	94.4033%
15	DEPRECIATION AND AMORTIZATION	6560	1,364,924	S-10,LN 22+29	75,263	1,289,662
16	OTHER OPERATING TAX	7240	303,734	S-12,LN 32	16,748	286,986
17	EQUAL ACCESS EXPENSE		0	S-12,LN 15	0	0
18	TOTAL OPERATING EXPENSE AND TAX		19,081,503		1,066,559	18,014,944
19	% DISTRIBUTION		100.0000%		5.5895%	94.4105%
	NON OPERATING EXPENSE	7370				
20	ABANDONED CONSTRUCTION		0	S-2,LN 10	0	0
21	CONTRIBUTIONS		78,806	S-12,LN 14	4,820	73,986
22	OTHER NON OPERATING EXPENSE		0	DIRECT	0	0
23	TOTAL NON OPERATING EXPENSE		78,806		4,820	73,986
24	% DISTRIBUTION		100.0000%		6.1167%	93.8833%
	UNCOLLECTIBLES					
25	END USER MSG TOLLS	5310	0	DIRECT	0	0
26	END USER COMMON LINE	5320	0	DIRECT	0	0
27	IX CARRIER	5330	18,642,577	S-11,LN 5	0	18,642,577
28	TOTAL UNCOLLECTIBLES		18,642,577		0	18,642,577
29	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340	0	S-12,LN 3	0	0

SECTION 4

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 64 SEPARATIONS
ACCESS DIVISION

SECTION 4

S-1,1of1

REVENUE REQUIREMENT SUMMARY

S-1,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	ALL OTHER
	REVENUE REQUIREMENT SUMMARY						
1	NET INVESTMENT FOR SETTLEMENTS			51,202,349	NOTE A	1,602,871	49,599,478
2	RATE OF RETURN					10.8465%	9.5128%
3	RETURN ON INVESTMENT			4,892,131	LN1*LN 2	173,856	4,718,275
4	ALLOWANCE FOR FUNDS USED DURING CONSTR			0	S-8, LN 30	0	0
5	NET RETURN FOR SETTLEMENTS			4,892,131	LN 3-LN 4	173,856	4,718,275
6	TOTAL ITC AMORTIZATION			0	S-12, LN 32	0	0
7	FEDERAL OPERATING INCOME TAX	(ACTUAL)		0		0	0
8	FEDERAL OPERATING INCOME TAX	(OPTION)		2,124,884	LN28-LN11	80,874	2,044,010
9	STATE AND LOCAL INCOME TAX	(ACTUAL)		0		0	0
10	STATE AND LOCAL INCOME TAX	(OPTION)		707,348	LN 32	26,922	680,426
11	PROVISION FOR DEFERRED INCOME TAX			0	S-12, LN 36	0	0
13	OPERATING EXPENSE AND TAX			74,351,901	S-8, LN 20	19,081,503	55,270,398
14	NONOPERATING EXPENSE			552,676	S-8, LN 25	78,806	473,870
15	UNCOLLECTIBLES			18,642,577	S-8, LN 29	18,642,577	0
16	BASIS FOR GROSS RECEIPTS TAX			101,271,516		38,084,538	63,186,979
17	GROSS RECEIPTS TAX RATE	(GROSS UP)				0.0000%	0.0000%
18	GROSS RECEIPTS TAX			0		0	0
19	TOTAL REVENUE REQUIREMENT			101,271,516		38,084,538	63,186,979

NOTE A: INCLUDES NET TEL PLANT FROM SCH S-2, LN 33 LESS A/C's 2004 ,2006 ,2007 AND 1402.

	OPTIONAL GROSS UP INCOME TAX CALCULATION						
20	RETURN ON INVESTMENT			4,892,131	LN 3	173,856	4,718,275
21	INTEREST AND RELATED ITEMS			767,357	S-12, LN 22	16,866	750,491
22	OTHER INCOME ADJUSTMENTS			0	S-12, LN 27+28	0	0
23	TOTAL INCOME ADJUSTMENTS			767,357	LN 21+22	16,866	750,491
24	FEDERAL ITC AMORTIZATION			0	S-12, LN 32	0	0
25	FEDERAL TAXABLE INCOME			6,249,658		237,864	6,011,794
26	FEDERAL INCOME TAX @	34.00%		2,124,884	LN 25*FIT	80,874	2,044,010
27	FEDERAL SURTAX ALLOCATION			0	S-2, LN 32	0	0
28	NET FEDERAL INCOME TAX BEFORE ITC			2,124,884	LN26-LN27	80,874	2,044,010
29	STATE TAXABLE INCOME			5,894,564		224,349	5,670,215
30	STATE INCOME TAX @	12.00%		707,348	LN 29*SIT	26,922	680,426
31	STATE SURTAX EXEMPTION			0	S-2, LN 32	0	0
32	NET STATE INCOME TAX BEFORE ITC			707,348	LN30-LN31	26,922	680,426

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 64 SEPARATIONS
ACCESS DIVISION

SECTION 4

S-2,1of1

SUMMARY OF NET TELEPHONE PLANT, M&S AND WORKING CAPITAL

S-2,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	ALL OTHER
	NET INVESTMENT SUMMARY						
1	GENERAL SUPPORT FACILITIES	2110		21,403,908	S-3, LN 27	8,129,852	13,274,057
2	CENTRAL OFFICE SWITCHING EQUIPMENT	2210		37,959,193	S-4, LN 17	27,884,416	10,074,777
3	CENTRAL OFFICE TRANSMISSION EQUIPMENT	2230		59,229,180	S-4, LN 31	0	59,229,180
4	CABLE AND WIRE FACILITIES	2410		68,284,259	S-5, LN 16	0	68,284,259
5	TANGIBLE ASSETS	2680		3,727,562	S-3, LN 54	1,415,841	2,311,721
6	INTANGIBLE ASSETS	2690		0	S-3, LN 61	0	0
7	TOTAL PLANT IN SERVICE A/C 2001			190,604,102		37,430,108	153,173,994
8	% DISTRIBUTION			100.0000%		19.6376%	80.3624%
9	PROPERTY HELD FOR FUTURE USE	2002		0	S-6, LN 9	0	0
10	PLANT UNDER CONSTR - SHORT TERM	2003		0	S-6, LN 15	0	0
11	PLANT UNDER CONSTR - LONG TERM	2004		0	S-6, LN 21	0	0
12	TELEPHONE PLANT ADJUSTMENT	2005		0	S-6, LN 27	0	0
13	NONOPERATING PLANT	2006		2,244,868	DIRECT	0	2,244,868
14	GOODWILL	2007		0	DIRECT	0	0
15	TOTAL PROPERTY, PLANT & EQUIPMENT			192,848,970		37,430,108	155,418,862
16	% DISTRIBUTION			100.0000%		19.4090%	80.5910%
17	ACCUM DEPRECIATION - PLANT IN SERVICE	3100		129,603,777	S-7, LN 30	33,191,338	96,412,439
18	ACCUM DEPRECIATION - FUTURE USE	3200		0	S-7, LN 31	0	0
19	ACCUM AMORTIZATION - TANGIBLE PROPERTY	3400		3,602,949	S-7, LN 36	1,368,509	2,234,440
20	ACCUM AMORTIZATION - INTANGIBLE PROPERTY	3500		0	S-7, LN 37	0	0
21	ACCUM AMORTIZATION - TEL PLANT ADJUSTMENT	3600		0	S-7, LN 38	0	0
22	OPERATING DEFERRED INCOME TAX - NET	VAR		9,422,132	S-7, LN 44	1,815,804	7,606,328
23	OTHER DEFERRED CREDITS - NET	4360		0	S-7, LN 49	0	0
24	NET TELEPHONE PLANT			50,220,112		1,054,457	49,165,655
25	% DISTRIBUTION			100.0000%		2.0997%	97.9003%
26	MATERIALS AND SUPPLIES	1220		265,618	S-6, LN 32	0	265,618
27	PREPAID EXPENSES	1300		0	S-6, LN 37	0	0
28	INVESTMENT IN NONAFFILIATED CO'S	1402		231,232,529	S-6, LN 38	0	231,232,529
29	OTHER JURISDICTIONAL ASSETS	1500		0	S-6, LN 39	0	0
30	CASH WORKING CAPITAL	XXXX		2,961,486	COMPUTED	548,415	2,413,072
31	NET TEL PLANT, M&S AND CASH WORKING CAPITAL			284,679,746		1,602,871	283,076,874
32	% DISTRIBUTION			100.0000%		0.5630%	99.4370%

PUBLIC VERSION

IOWA NETWORK SERVICES, INC.
d/b/a AUREON NETWORK SERVICES
FILING PERIOD: PRO FORMA 2017

COST SUPPORT MATERIAL
PART 64 SEPARATIONS
ACCESS DIVISION

SECTION 4

S-8,1of1

SUMMARY OF OPERATING EXPENSE AND TAX

S-8,1of1

LN	DESCRIPTION	A/C	NOTE	TOTAL COMPANY	ALLOCATION BASIS	ACCESS DIVISION	ALL OTHER
	OPERATING EXPENSE AND TAX SUMMARY						
1	NETWORK SUPPORT EXPENSE	6110		155,409	S-9, LN 13-23	5,059	150,351
2	GENERAL SUPPORT EXPENSE	6120		1,696,702	S-9, LN 24-27	132,191	1,564,511
3	CENTRAL OFFICE EXPENSE	6210		2,776,841	S-9, LN 33	425,886	2,350,955
4	CABLE AND WIRE FACILITIES EXPENSE	6410		19,816,729	S-9, LN 35	14,675,151	5,141,578
5	OTHER PLANT EXPENSE	6510		16,466,203	S-10, LN 6	0	16,466,203
6	NETWORK OPERATIONS EXPENSE	6530		5,597,475	S-10, LN 13	125,943	5,471,532
7	ACCESS CHARGE EXPENSE	6540		3,464,196	S-10, LN 15	0	3,464,196
8	MARKETING EXPENSE	6610		3,737,462	S-11, LN 15	0	3,737,462
9	SERVICES EXPENSE	6620		792,351	S-11, LN 39	3,884	788,467
10	EXECUTIVE AND PLANNING EXPENSE	6710		3,994,184	S-12, LN 7	641,987	3,352,197
11	GENERAL AND ADMINISTRATIVE EXPENSE	6720		8,472,742	S-12, LN 8-15	1,402,744	7,069,998
12	SUBTOTAL OPERATING EXPENSES			66,970,294		17,412,844	49,557,450
13	% DISTRIBUTION			100.0000%		26.0008%	73.9992%
14	DEPRECIATION - PLANT IN SERVICE	6561		6,361,912	S-10, LN 33	1,362,403	4,999,509
15	DEPRECIATION - FUTURE USE	6562		0	S-10, LN 34	0	0
16	AMORTIZATION - TANGIBLES	6563		6,638	S-3, LN42-44	2,521	4,117
17	AMORTIZATION - INTANGIBLES	6564		0	S-3, LN 45	0	0
18	AMORTIZATION - OTHER	6565		0	S-3, LN 46	0	0
19	OTHER OPERATING TAX	7240		1,013,057	S-12, LN 35	303,734	709,323
20	TOTAL OPERATING EXPENSE AND TAX			74,351,901		19,081,503	55,270,398
21	% DISTRIBUTION			100.0000%		25.6638%	74.3362%
	NON OPERATING EXPENSE	7370					
22	ABANDONED CONSTRUCTION			0	S-2, LN 8	0	0
23	CONTRIBUTIONS			272,726	S-12, LN 2	78,806	193,920
24	ALL OTHER			279,950	S-12, LN 2	0	279,950
25	TOTAL NON OPERATING EXPENSE			552,676		78,806	473,870
26	% DISTRIBUTION			100.0000%		14.2590%	85.7410%
	UNCOLLECTIBLES						
27	END USER MSG TOLLS	5310		0	DIRECT	XXX	0
28	IX CARRIER	5330		18,642,577	DIRECT	18,642,577	
29	TOTAL UNCOLLECTIBLES			18,642,577		18,642,577	0
30	ALLOWANCE FOR FUNDS USED DURING CONSTR	7340		0	S-12, LN 4	0	0

PUBLIC VERSION

CERTIFICATION

I certify that I am the Senior Vice President – Corporate Finance of Iowa Network Services, Inc. dba Aureon Network Services, have overall responsibility for the preparation of High-Volume Traffic Contract Tariff No. 1, and am authorized to execute this certification. Based upon information provided to me by employees or outside accountants responsible for the preparation of, or for supervision of the preparation of, the data submitted in support of the rates contained in the proposed contract tariff, I hereby certify that the data have been examined and reviewed and are true, correct and complete.

April 14, 2017

Date


Jeffrey P. Schill

**IOWA NETWORK SERVICES, INC. dba
AUREON NETWORK SERVICES**

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
29th Revised Page 1
Cancels 28th Revised Page 1

CENTRALIZED EQUAL ACCESS SERVICE

CHECK SHEET

Title Page 1 and Page 1 to 188 and Supplement No. 7, inclusive, of this tariff are effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date hereof.

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2	1st	29	1st	55	Original	80	Original
3	Original	30	Original	56	1st	81	Original
4	1st	31	Original	57	Original	82	Original
5	3rd	32	Original	58	1st	83	2nd
6	3rd	33	1st	59	1st	84	1st
7	1st	34	Original	60	Original	85	1st
8*	2nd	35	Original	61	3rd	86	2nd
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9	Original	37	2nd	62	1st	87.1	Original
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11	2nd	39	3rd	63.1	1st	88.1	Original
12	2nd	40	3rd	64	1st	88.2	Original
13	7th	40.1	Original	64.1	2nd	89	4th
13.1	1st	41	Original	65	2nd	89.1	1st
14	1st	42	1st	66	Original	89.2	1st
15	1st	43	3rd	67	Original	89.3	1st
16	2nd	43.1	Original	68	Original	89.4	1st
17	Original	44	Original	69	1st	90	2nd
18	Original	45	1st	69.1	1st	91	Original
19	1st	46	1st	70	Original	92	2nd
20	1st	46.1	Original	71	Original	93	2nd
21	2nd	47	Original	72	3rd	94	1st
21.1	1st	48	Original	72.1	1st	95	1st
22	Original	49	Original	73	1st	96	1st
23	Original	50	1st	74	Original	97	1st
24	Original	51	2nd	75	Original	98	1st
25	Original	52	2nd	76	1st		
26	Original	53	2nd	77	Original		

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7760 Office Plaza Drive South
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PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
14th Revised Page 1.1
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CENTRALIZED EQUAL ACCESS SERVICE

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102	Original	129.1	1st	146.12*	Original	162	Original
103	Original	130	1st	146.13*	Original	163	Original
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105.1	1st	133	Original	146.16*	Original	166	Original
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106	Original	136	2nd	146.19*	Original	169	Original
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108	2nd	136.1.1	Original	146.21*	Original	171	Original
109	Original	136.2	1st	147	1st	172	Original
110	Original	137	1st	147.1	Original	173	1st
111	Original	138	2nd	148	4th	174	1st
112	1st	139	1st	148.1	Original	175	Original
113	1st	140	2nd	149	4th	176	Original
114	1st	140.1	Original	149.1	1st	177	1st
115	1st	141	1st	150	4th	178	1st
116	1st	142	3rd	150.1	Original	179	Original
117	Original	143	Original	151	4th	180	1st
118	1st	144	Original	151.1	2nd	181	1st
118.1	Original	145	12th	151.2	Original	182	Original
119	1st	146*	1st	152	3rd	183	Original
120	1st	146.1*	Original	153	4th	184	Original
120.1	2nd	146.2*	Original	153.1	2nd	185	Original
121	1st	146.3*	Original	153.2	Original	186	Original
122	Original	146.4*	Original	154	3rd	187	Original
123	Original	146.5*	Original	155	4th	188	Original
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125	1st	146.7*	Original	157	Original		
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IOWA NETWORK ACCESS DIVISION

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CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs

(N)

7.1 High-Volume Traffic Contract Tariff No. 1

High-Volume Traffic Contract Tariff No. 1 provides an optional alternative that provides switching and transport for the interstate, interLATA terminating traffic that Customer routes to Iowa Network's facilities and that Iowa Network transports to the meet point with the facilities of a Routing Exchange Carrier assigned one of the following OCNs:

739d
156c
345d
3620
7094
860E
904D
4560

This service is offered on a non-discriminatory, generally available basis to any similarly situated telecommunications carrier willing and able to meet the terms of this High-Volume Traffic Contract Tariff No. 1. As a prerequisite to receiving service under this Section 7.1, the Customer must voluntarily agree to the rates, terms, and conditions in this Section 7.1 by separately signing a contract with Iowa Network containing the same rates, terms, and conditions that are set forth in this Section 7.1.

7.1.1 General

High-Volume Traffic Contract Tariff No. 1 offers a switching and transport service to Customer for interstate interLATA terminating High-Volume Traffic, as defined in Section 7.1.2, which virtually extends Customer's network from the point where it interconnects with Iowa Network's facilities to the networks of Routing Exchange Carriers, and enables Customer to deliver interstate interLATA High-Volume Traffic to the end offices of Routing Exchange Carriers. High-Volume Traffic Contract Tariff No. 1 applies to all two-way and one-way terminating trunks that Iowa Network currently provides Customer as well as new terminating trunks that Iowa Network, at its sole discretion, installs in the future for Customer.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.1 General (Cont'd)

All existing and future rates, terms, and conditions stated elsewhere in this tariff, as amended from time to time, that do not conflict with the rates and terms in this Section 7.1 apply to the service provided under High-Volume Traffic Contract Tariff No. 1, are incorporated herein by reference, and Customer agrees to comply with such rates, terms, and conditions in this tariff. To the extent there is a conflict between the rates, terms, and conditions of this Section 7.1 and the rates, terms, and conditions set forth elsewhere in this tariff, the rates, terms, and conditions set forth in this Section 7.1 shall control.

High-Volume Traffic Contract Tariff No. 1 is provided subject to additional terms and conditions that are not applicable to centralized equal access service. Therefore, by ordering service under High-Volume Traffic Contract Tariff No. 1, Customer agrees to provisioning flexibility for Iowa Network and other terms that will result in the Customer receiving a switching and Transport service that is not like the centralized equal access service that is not subject to those additional terms and conditions.

The rates and terms in this tariff for centralized equal access service, rather than the terms and conditions in this Section 7.1, shall apply to all originating traffic or traffic that does not qualify as High-Volume Traffic, as defined in Section

7.1.2 Definitions

The following terms shall have the meanings specified in this Section 7.1.

Access Tandem

The term "Access Tandem" denotes Iowa Network's switching system that is used to connect and switch trunk circuits between and among the end office switches of Routing Exchange Carriers for the exchange of access traffic.

Act

The term "Act" denotes the Communications Act of 1934 (47 U.S.C. 151 et seq.), as amended, including the Telecommunications Act of 1996.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.2 Definitions (Cont'd)

Board

The term "Board" denotes the Iowa Utilities Board.

FCC

The term "FCC" denotes the Federal Communications Commission.

High-Volume Traffic

The term "High-Volume Traffic" denotes all interstate interLATA traffic that Customer or a Customer's customer routes to Iowa Network's facilities and that Iowa Network Transports to the meet point with the facilities of a terminating Routing Exchange Carrier assigned one of the following OCNs:

739d
156c
345d
3620
7094
860E
904D
4560

Point of Interconnection ("POI")

The terms "Point of Interconnection" or "POI" denote the physical location where Iowa Network's facilities directly interconnect with Customer's facilities.

Termination or Terminating

The terms "Termination" or "Terminating" denote the switching of Customer's traffic at the terminating Routing Exchange Carrier's end office switch, or equivalent facility, and delivery of such traffic to the conference bridge or other person assigned the called telephone number.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.2 Definitions (Cont'd)

Transport(s)

The term "Transport(s)" denotes the transmission and any necessary access tandem switching by Iowa Network of the Customer's traffic from the Point of Interconnection to the terminating Routing Exchange Carrier's meet point with Iowa Network's facilities.

7.1.3 Direct Interconnection Facilities

Iowa Network shall solely determine the Point of Interconnection, the interconnection circuit design, trunk capacity, and directional routing.

- (A) Customer shall establish and maintain a direct connection with the Point of Interconnection designated by Iowa Network with Iowa Network's Access Tandem. While the location of the Point of Interconnection shall initially be at Iowa Network's access tandem in Des Moines, Iowa, Iowa Network may in the future at its sole discretion designate its Access Tandem in Kamrar, Iowa as the Point of Interconnection.
- (B) Customer is solely responsible for providing its own facilities that directly connect with the Point of Interconnection designated by Iowa Network with Iowa Network's Access Tandem.
- (C) Customer is solely responsible for programming and updating its own switches and network systems as specified by Iowa Network.
- (D) Customer shall send signaling to Iowa Network's Access Tandem that provides sufficient originating call detail to determine the jurisdiction of each call. If feasible, the signaling from the Customer's switch shall contain the Jurisdiction Information Parameter ("JIP") in NPANXX format, which can be used by Iowa Network to identify the originating switch.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.4 Installation of Additional Trunks

To the extent that any trunk group is utilized at a time-consistent busy hour of eighty percent (80%) or greater, Customer shall negotiate in good faith with Iowa Network for the installation of augmented facilities. Trunk utilization shall be separately measured for trunk groups associated with each carrier identification code ("CIC"). For example, if the trunk group associated with one CIC is 90 percent utilized, while the trunk group associated with a different CIC is only 70 percent utilized Customer shall negotiate in good faith for the installation of augmented facilities for the trunk group associated with the CIC that is 90 percent utilized. The installation of additional trunks or capacity is solely within Iowa Network's discretion and is contingent upon the availability of spare port and/or facility capacity.

- (A) If sufficient capacity is not available, Iowa Network will provide Customer with a quote for the non-recurring construction costs and recurring trunk costs required to install and operate additional trunks. If Customer requests that Iowa Network proceed with the installation of the additional trunks at the quoted costs, Customer shall pay Iowa Network such costs upon the installation of the additional trunks.
- (B) Any additional trunks installed by Iowa Network must remain in service for at least ninety (90) days.

(N)

CENTRALIZED EQUAL ACCESS SERVICE7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)7.1.5 Disconnection of Trunks

To the extent that any trunk group is utilized at a time-consistent busy hour of fifty percent (50%) or less, Iowa Network will notify Customer regarding the number of trunks that Iowa Network intends to disconnect. Iowa Network will call Customer's designated contact person, and provide supporting information either by email or facsimile to the designated Customer contact person. Customer shall provide concurrence with the disconnection within seven (7) business days or provide specific information to Iowa Network supporting additional traffic that Customer will bring onto the trunk group. Such supporting information shall include expected traffic volumes and the timeframes within which Customer expects to need such trunks. After reviewing the supporting information received from Customer, Iowa Network will render a final decision on how many trunks will be disconnected. Customer shall fully cooperate and assist Iowa Network with the disconnection of trunks that Iowa Network decides to disconnect.

- (A) Trunk utilization shall be separately measured for trunk groups associated with each CIC. For example, if the trunk group associated with one CIC is 30 percent utilized, while the trunk group associated with a different CIC is 60 percent utilized, Iowa Network may disconnect the trunk group associated with the CIC that is only 30 percent utilized, while keeping the trunk group operational that is associated with the other CIC.
- (B) Iowa Network, at its sole discretion, may disconnect trunks if Customer fails to render payment to Iowa Network in accordance with this Section 7.1 either of (i) an undisputed amount within sixty (60) days after the payment Due Date or (ii) a disputed amount within sixty (60) days after an arbitrator's decision determining in accordance with Section 7.1.16 that the disputed charge was billed correctly. Customer shall indemnify and hold Iowa Network harmless for any liability related to such disconnection.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.5 Disconnection of Trunks (Cont'd)

- (1) If, on the date the Customer orders service under High-Volume Traffic Contract Tariff No. 1, Customer's payment of any Iowa Network invoice is already past due and has not been received by Iowa Network within sixty (60) days after the payment Due Date, Customer shall negotiate in good faith with Iowa Network on a dollar amount to be paid to Iowa Network that resolves the past due balance. While such negotiations continue in good faith and remain actively engaged with teleconferences, videoconferences, or face-to-face meetings occurring at least once per week, Iowa Network shall not disconnect any existing trunks over which Customer routes traffic.

7.1.6 General Responsibilities

Customer is responsible for the provision of facilities within its network necessary for the switching, routing, and transport of the traffic subject to this Section 7.1.

7.1.7 Notice of Changes.

If Customer makes a change in its network that will materially affect the inter-operability of its network with Iowa Network's facilities, Customer shall make reasonable efforts to notify Iowa Network to ensure the continuation of inter-network operability.

7.1.8 Rate Regulations

In consideration for Customer agreeing in this Section 7.1 to the greater provisioning flexibility for Iowa Network and other terms that are not applicable to centralized equal access service, this Section 7.1 establishes a switched transport rate of \$0.00649 per access minute (the "Contract Tariff Rate") for High-Volume Traffic. The Contract Tariff Rate is in lieu of the switched transport rate stated in section 6.8.1 of this tariff.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.8 Rate Regulations (Cont'd)

- (A) Customer shall pay Iowa Network the switched transport rate stated in section 6.8.1 of this tariff for all traffic that is not defined as High-Volume Traffic in this Section 7.1.
- (B) Except when the Contract Tariff Rate applies in lieu of the switched transport rate, all other rates in this tariff apply, are incorporated into this Section 7.1 by reference, and shall be paid by Customer.
- (C) Customer agrees to fully pay undisputed amounts to Iowa Network within thirty (30) days of receipt any and all bills issued by Iowa Network to Customer.
- (D) During the term of this High-Volume Traffic Contract Tariff No. 1, Customer shall not challenge before any court, administrative agency, arbitral board, or any other tribunal (each a "Governmental Body") whatsoever the Contract Tariff Rate charged by Iowa Network to Customer or the rates and terms of this tariff; provided, however, that nothing limits Customer's right to take the position and argue to any Governmental Body with respect to an industry-wide laws, rules, regulations or similar, even if such action may indirectly affect the Contract Tariff Rate or the rates and terms of this tariff.
- (E) In bills rendered to Customer, Iowa Network shall not increase the Contract Rate or other rates contained in this tariff for services ordered by Customer during the term of this High-Volume Traffic Contract Tariff No. 1.
- (F) The Contract Rate is the charge for only the switching and Transport service that Iowa Network provides Customer for High-Volume Traffic. Services provided by other service providers, including but not limited to Routing Exchange Carriers, are not included in this High-Volume Traffic Contract Tariff No. 1, and Customer must separately pay those other service providers for the services they provide.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.9 Billing.

Iowa Network shall bill Customer on a monthly basis for services rendered under this Section 7.1. Customer agrees to accept delivery of invoices via electronic mail to the email address designated by the Customer. Iowa Network will measure the total monthly traffic delivered by Customer to Iowa Network's facilities. These measurements will be used as the basis for the submission of a bill to the Customer that includes both High-Volume Traffic and other traffic that does not qualify as High-Volume Traffic.

(A) After the rates and terms of this Section 7.1 have become effective, billing of the Contract Tariff Rate shall begin for High-Volume Traffic generated on the first day of the billing cycle after Customer orders service under this High-Volume Traffic Contract Tariff No. 1. Until such new billing under this Section 7.1, Iowa Network shall bill and Customer shall pay the switched transport rate set forth in Section 6.8.1 in lieu of the Contract Tariff Rate.

(B) All bills for services rendered to the Customer by Iowa Network, are due thirty (30) days after the invoice date ("Due Date"). If Customer fails to fully pay any part of any undisputed invoice by the Due Date, or makes payment in funds not immediately available to Iowa Network, Iowa Network may charge and recover interest at the lesser of one and one-half percent (1.5%) per month or the maximum amount allowable by law, compounded daily, beginning with the day following the date on which payment was due, and continuing until paid in full, if such failure continues for five (5) days past the Due Date. Interest shall be calculated from the Due Date.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.9 Billing (Cont'd).

- (C) For Customer to dispute a charge hereunder, Customer's written notice to Iowa Network must be in receipt within one hundred eighty (180) days after the invoice date, and must specifically identify the charge in dispute and provide a complete written explanation of the basis for the dispute. If such notice is received, Customer may withhold the amount, which, in good faith, is disputed provided that Customer otherwise timely pays in full the undisputed portion of the invoice; and Customer cooperates and assists Iowa Network in its efforts to investigate and/or resolve the dispute. For Iowa Network to backbill or obligate Customer to pay a revised invoice for services provided in the past, Customer must receive the backbill or revised invoice within one hundred eighty (180) days after the original invoice date.
- (D) If, following the dispute resolution process identified in Section 7.1.16, it is determined by the arbitrator, or mutually agreed by Iowa Network and Customer, that the disputed charge(s) was billed in error, Iowa Network shall issue a credit to reverse the amount incorrectly billed. If it is determined by the arbitrator, or mutually agreed by Iowa Network and Customer, that the disputed charge(s) was billed correctly, then payment, including interest, shall be due from Customer to Iowa Network within ten (10) calendar days after resolution of the dispute.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.10 Deposits

Iowa Network may require Customer to pay a deposit under the following circumstances:

- (1) The Customer's credit rating becomes impaired after the Customer orders service under this High-Volume Traffic Contract Tariff No. 1 or a bankruptcy proceeding is about to be filed, can be filed, or has been filed.
- (2) The Customer has unpaid Iowa Network invoices or portions thereof, outstanding for more than sixty (60) days from the invoice date.

If Iowa Network requires a deposit, and the deposit is received, Iowa Network will issue a receipt to be returned by U.S. mail. The deposit may not exceed three times the highest billing amount in the last six months. The deposit will be held until there is a credit history of six consecutive months of timely payments from the date of the receipt of the deposit. Interest will be paid on the deposit at the annual rate of 1.0% until date of return.

- (A) Iowa Network may include a termination notice with the deposit request. If the deposit is not received as requested, the termination of service may take effect on or after the day following the last day of the request period. The two request periods are as follows:

- (1) The request period for a deposit due to late or non-payment is five (5) calendar days.
- (2) The request period for a deposit due to credit rating or bankruptcy is twelve (12) calendar days.

(N)

CENTRALIZED EQUAL ACCESS SERVICE7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)7.1.11 Costs of Initiating Contract Tariff No. 1

Customer and Iowa Network shall be responsible for their own costs and expenses incurred in obtaining approval for the Customer to obtain service from Iowa Network pursuant to this High-Volume Traffic Contract Tariff No. 1 from any regulatory agency. In the event a regulatory agency assesses Iowa Network for the agency's costs and expenses in approving and/or arbitrating the provision of service to Customer pursuant to this High-Volume Traffic Contract Tariff No. 1, Customer shall reimburse one half of any and all costs assessed within 30 days from notification by Iowa Network. Unpaid billings after 30 days that are not disputed in good faith and not paid when due shall accrue interest at the rate of the lesser of one and one-half percent (1.5%) per month or the maximum amount allowable by law, compounded daily, beginning with the day following the date on which payment was due, and continuing until paid in full.

7.1.12 Term

This High-Volume Traffic Contract Tariff No. 1 shall have an initial term of ninety (90) days for each trunk Customer orders or uses. It shall thereafter remain in full force and effect for successive terms of ninety (90) days each, subject to the right of either Customer or Iowa Network to give the other party written notice of its intent to terminate Iowa Network's provision of service to Customer under this Section 7.1. ("Notice") not less than thirty (30) days prior to the expiration of the then current term. Customer's obligation to pay Iowa Network the rates and charges set forth in this Section 7.1 and to comply with the terms and conditions set forth in this Section 7.1 shall survive termination or expiration for so long as Customer's traffic continues to traverse Iowa Network's facilities.

- (A) Customer may reduce the number of trunks by providing Iowa Network with thirty (30) days' prior written notice.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.13 Termination Without Written Notice

Service to Customer under this High-Volume Traffic Contract Tariff No. 1 and this Section 7.1 shall be terminated in the event that:

- (1) A court or regulatory agency revokes, cancels, does not renew or otherwise terminates Customer's authorization to provide service in the State of Iowa, or a court or regulatory agency revokes, cancels, or otherwise terminates Iowa Network's authorization to provide service; or

Either Customer or Iowa Network files for bankruptcy or becomes insolvent, makes a general assignment for the benefit of, or enters into any arrangement with creditors, files a voluntary petition under any bankruptcy, insolvency or similar laws, or proceedings are instituted under any such laws seeking the appointment of a receiver, trustee or liquidator instituted against it which are not terminated within sixty (60) days of such commencement.

7.1.14 Termination With Written Notice

Iowa Network shall have the right to terminate service to Customer under this High-Volume Traffic Contract Tariff No. 1 and this Section 7.1 at any time upon written notice to Customer in the event:

- (1) Customer fails to pay any undisputed amount when due and such failure is not corrected within a period of thirty (30) days after Iowa Network notifies Customer of such payment failure; or
- (2) Customer is in material breach or default of the provisions of this High-Volume Traffic Contract Tariff No. 1 and this Section 7.1 other than (a) above and that breach/default continues for a period of thirty (30) days after Iowa Network notifies Customer of such breach/default, including a reasonably detailed statement of the nature of the breach/default. A breach/default is a breaking of an obligation of this Section 7.1.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.15 Liability Upon Termination

Termination of service to Customer under this High-Volume Traffic Contract Tariff No. 1 and this Section 7.1 for any cause shall not release either Customer or Iowa Network from any liability, which at the time of termination had already accrued or which accrues thereafter in any respect of any act of omission or commission occurring prior to the termination date relating to an obligation that is expressly stated in this Section 7.1. The obligations under this 7.1, which by their nature are intended to continue beyond the termination or expiration of service to Customer under this High-Volume Traffic Contract Tariff No. 1 shall survive such termination or expiration.

7.1.16 Dispute Resolution Process

Customer and Iowa Network desire to resolve disputes arising out of this High-Volume Traffic Contract Tariff No. 1 without litigation. Accordingly, Customer and Iowa Network agree to use the following dispute resolution procedures as their primary remedy with respect to any controversy or claim arising out of or relating to this High-Volume Traffic Contract No. 1.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.16 Dispute Resolution Process (Cont'd)

- (A) At the written request of a party commencing the dispute resolution process described herein, each party will appoint within 10 days of the date of the delivery of the written request, a representative to meet and negotiate in good faith for a period up to sixty (60) days (unless it becomes clear that a voluntary resolution is unlikely) after the request to resolve any dispute arising under this High-Volume Traffic Contract No. 1. Good faith is meant to include teleconferencing, videoconferencing, and face-to-face meetings between the Customer and Iowa Network. Customer and Iowa Network intend that these negotiations be conducted by non-lawyer, knowledgeable, business representatives. Nothing prevents either party from consulting an attorney, as an advisor, in the process so long as such attorney is not present at negotiations. Both parties must have responsible parties that can and are authorized to speak for the party and negotiate the settlement. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of both Customer and Iowa Network. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may be admitted in evidence in the arbitration or lawsuit. The location, format, frequency, duration and conclusion of these discussions shall be left to the discretion of the representatives.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.16 Dispute Resolution Process (Cont'd)

- (B) If the negotiations do not resolve the dispute within sixty (60) days from the date of the receipt of the written request commencing the resolution process, (sooner if it becomes clear that a voluntary resolution is unlikely provided both parties agree), the dispute may be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association or such other rules to which the parties may agree. The arbitration hearing shall be commenced within forty-five (45) days after demand for arbitration and shall be held in Des Moines, Iowa. The arbitrator shall control the scheduling so as to process the matter expeditiously. The parties may submit written briefs if permitted by the arbitrator. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings or meetings. The decision of the arbitrator shall be final and binding upon Customer and Iowa Network, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.
- (C) Each party to the arbitration shall bear its own costs and attorneys' fees as well as an equal share of the arbitrator's costs. If a matter is submitted to the FCC or the Iowa Utilities Board for resolution, Customer and Iowa Network shall share the costs equally and shall so request in any initial filing with the FCC or the Board.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.17 Participation in Legal Proceedings

Subject to the proviso in Section 7.1.8(D), with the exception that Iowa Network will be permitted to make changes to its tariffs by filing tariff revisions with the FCC or appropriate state regulatory authorities, neither Customer nor Iowa Network shall directly, indirectly, or in any other way or manner, initiate, pursue, or prosecute any claim, grievance, petition, proceeding, or other legal action or process of any sort or nature whatsoever, nor offer any testimony, before any federal or state executive, legislative, judicial or administrative commission or other body, or before any arbitration or mediation panel, seeking to change the Contract Rate or Iowa Network's tariff rates that will be paid by Customer during the term of this High-Volume Traffic Contract No. 1, or solicit, encourage, or otherwise cooperate with any other person or entity to do so, nor otherwise voluntarily participate in any such proceeding in any manner.

7.1.18 Warranty

Iowa Network does not guarantee or warrant that its service and facilities are error-free or interruption free. This High-Volume Traffic Contract No. 1 excludes all warranties of whatever kind, express or implied, including but not limited to warranties of merchantability and fitness for a particular purpose. Iowa Network does not authorize anyone to make a warranty of any kind on Iowa Network's behalf and Customer should not rely upon anyone making such statements. This provision shall not serve to eliminate, or otherwise limit any quality of service obligations imposed on Iowa Network or Customer pursuant to applicable Iowa or federal law.

7.1.19 Limitations of Liability

Under no circumstances shall either Iowa Network or Customer be liable to the other for any indirect, incidental, special, punitive or consequential damages (including but not limited to loss of business, loss of use, or loss of profits), arising in connection with this High-Volume Traffic Contract No. 1. Both parties have only a direct liability for actual damages resulting from the causing party's conduct or the conduct of its agents or contractors in performing the obligations contained in this High-Volume Traffic Contract No. 1.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.20 Indemnification

Customer and Iowa Network shall each indemnify and hold harmless the other with respect to any third-party claims, lawsuits, damages, or court actions arising from service under this High-Volume Traffic Contract No. 1, to the extent that the indemnifying party is liable or responsible for said third-party claims, losses, damages or court actions. Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification shall promptly notify the other party of the claim and, when known, the facts constituting the basis for such claim. In the event that one party disputes the other party's right to indemnification hereunder, the party disputing indemnification shall promptly notify the other party of the factual basis for disputing indemnification. Indemnification shall include but is not limited to costs and reasonable attorneys' fees. The indemnifying party shall have sole authority to defend any such action, including the selection of legal counsel (which legal counsel must be reasonably acceptable to the Indemnified Party), and the indemnified party may engage separate legal counsel only at its sole cost and expense. In no event shall the indemnifying party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified party.

7.1.21 Confidentiality

Customer and Iowa Network recognize that they or their authorized representatives may come into possession of confidential and/or proprietary data about each other's business or networks as a result of implementing this High-Volume Traffic Contract No. 1. Customer and Iowa Network each agree to treat all such data as strictly confidential and to use such data only for the purpose of performance of its obligations under this High-Volume Traffic Contract No. 1. Customer and Iowa Network each agree not to disclose data about the other party's business, unless such disclosure is required by lawful subpoena or order, to any person without first securing the written consent of the other party.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.22 No Inducements

Iowa Network and Customer declare and represent that no promises, inducements, or agreements not herein expressed have been made with respect to the subject matter of this High-Volume Traffic Contract No. 1, and that the terms of this High-Volume Traffic Contract No. 1 are contractual and not a mere recital.

7.1.23 Disclaimer of Agency

Nothing in this High-Volume Traffic Contract No. 1 shall constitute a party as a legal representative or agent of the other party, nor shall a party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name of or on behalf of the other party unless otherwise expressly permitted by such other party. No party undertakes to perform any obligation of the other party whether regulatory or contractual, or to assume any responsibility for the management of the other party's business.

7.1.24 Business Records

Each party to this High-Volume Traffic Contract No. 1 is responsible for the accuracy of its data as submitted to the other party. Upon reasonable written notice, each party or its authorized representative shall have the right to conduct a review of the relevant data possessed by the other party to assure compliance with the provisions of this High-Volume Traffic Contract No. 1. The review will consist of any examination and verification of data involving records, systems, procedures and other information related to the services performed by either party as it relates to charges or payments made in connection with this High-Volume Traffic Contract No. 1. Each party's right to access information for a verification or review purpose is limited to data not in excess of twelve (12) months from date of billing. The party requesting a verification review shall fully bear its own costs associated with conducting a review. The party being reviewed will provide reasonable access to necessary and applicable information at no charge to the reviewing party during normal business hours.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.25 Assignments, Successors and Assignees

A party to this High-Volume Traffic Contract No. 1 may not assign or transfer this High-Volume Traffic Contract No. 1 without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the forgoing, a party may assign this High-Volume Traffic Contract No. 1, or any portion thereof, without consent, to any entity that controls, is controlled by, or is under common control with the assigning party. Any such assignment shall not in any way affect or limit the rights and obligations of Iowa Network and Customer under the terms of this High-Volume Traffic Contract No. 1. This High-Volume Traffic Contract No. 1 shall be binding upon Iowa Network and Customer and their lawful successors and assigns. A party making the assignment shall notify the other party sixty (60) days in advance of the effective date of the assignment.

7.1.26 Binding Effect

This High-Volume Traffic Contract No. 1 shall be binding upon and shall inure to the benefit of Iowa Network and Customer and their respective employees, agents, partners, shareholders, officers, directors, subsidiaries, affiliates, parent corporations, successors, and assigns.

7.1.27 Force Majeure

Neither party to this High-Volume Traffic Contract No. 1 shall be liable for any delay or failure in performance of any part of this High-Volume Traffic Contract No. 1 from any cause beyond its reasonable control, including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power blackouts, other major environmental disturbances or unusually severe weather conditions (collectively, a "Force Majeure Event").

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.28 No Third Party Beneficiaries

This High-Volume Traffic Contract No. 1 does not provide any person other than Customer and Iowa Network and their assignees or successors, and shall not be construed to provide any such third parties, with any remedy, claim, liability, reimbursement, cause of action, or other privilege in excess of those existing without reference to this High-Volume Traffic Contract No. 1.

7.1.29 Notices

Notices given by one party to this High-Volume Traffic Contract No. 1 to the other party shall be in writing to the addresses of the contact person provided by that other party and shall be:

- (i) delivered personally;
- (ii) delivered by express delivery service; or
- (iii) delivered by certified mail return receipt requested.

Any such notice given under this High-Volume Traffic Contract No. 1 shall be effective upon receipt by the other party.

7.1.30 Entire Agreement

This tariff constitutes the entire agreement between Iowa Network and Customer and supersedes all prior oral or written agreements, representations, statements, negotiations, understandings, proposals and undertakings with respect to the services provided under this High-Volume Traffic Contract No. 1 or the rights and obligations relating to such services.

7.1.31 Continuing Effect

The invalidity, illegality or unenforceability of any provision or part of any provision of this High-Volume Traffic Contract No. 1 under any law shall not affect the other provisions or parts of this High-Volume Traffic Contract No. 1, which shall remain in full force and effect.

(N)

CENTRALIZED EQUAL ACCESS SERVICE

7. Contract Tariffs (Cont'd)

(N)

7.1 High-Volume Traffic Contract Tariff No. 1 (Cont'd)

7.1.32 Authority

Each party to this High-Volume Traffic Contract No. 1 further represents and warrants that it is duly constituted under applicable state laws, that it is validly existing and in good standing under applicable state laws, that it has all requisite corporate power and authority to perform its obligations under this High-Volume Traffic Contract No. 1, and that the performance of this High-Volume Traffic Contract No. 1 by it will not result in any violation or be in conflict with its certificate of incorporation, bylaws or of any agreement, order, judgment, decree, statute, rule or regulation applicable to it.

(N)

Exhibit 47

**INS May 2017 Revised Tariff Filing
(filed May 16, 2017)**



Fletcher, Heald & Hildreth

1300 NORTH 17th STREET, 11th FLOOR
ARLINGTON, VIRGINIA 22209

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JAMES U. TROUP
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May 16, 2017

FILED ELECTRONICALLY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Attention: Wireline Competition Bureau

Application No. 8

FRN: 0002-5807-10
Iowa Network Services, Inc.

FRN: 0005-0110-69
Fletcher, Heald & Hildreth

Re: Application for Special Permission

Dear Ms. Dortch:

On April 14, 2017 Iowa Network Access Division ("INAD") issued Transmittal No. 33, which proposed to add High-Volume Traffic Contract Tariff No. 1. INAD subsequently filed Supplement No. 8 effective April 29, 2017, to defer the effective date of Transmittal No. 33 for twenty-one days from April 29, 2017 to May 20, 2017. Pursuant to Section 61.17 of the Commission's Rules, INAD respectfully requests special permission to withdraw revised pages submitted under Transmittal No. 33 prior to the scheduled effective date of May 20, 2017, and to replace those pages with the volume discount plan described in the illustrative proposed tariff pages enclosed herewith.

The tariff pages that were submitted under Transmittal No. 33 for Tariff F.C. C. No. 1 included 29th Revised Page 1, 14th Revised Page 1.1, 2nd Revised Page 8, Original Page 8.1, 1st Revised Page 146, and Original Pages 146.1 through 146.21. INAD respectfully requests authority to: (1) withdraw the forgoing tariff pages without them becoming effective; and (2) file the attached illustrative pages to enable those pages to go into effect on May 20, 2017.

PUBLIC VERSION

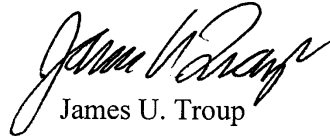
Marlene H. Dortch, Secretary
May 16, 2017
Page 2

For purposes of withdrawing the indicated tariff pages and filing the new illustrative tariff pages, waiver of Sections 61.58, 61.59, and 61.74 of the Commission's Rules is respectfully requested. Waiver of Section 61.58 is requested so that the revised tariff material may be filed on not less than one day's notice. Waiver of Section 61.59 is requested so that changes may be made to tariff material that has not yet been effective for 30 days. Waiver of Section 61.74 is requested so that the proposed tariff filing may reference the standard service agreement, which provides the procedures for the ordering and implementation of the volume discount plan. Granting the requested waivers would permit INAD to ensure that the provisions of its tariff are fully compliant with the applicable laws.

This filing has been submitted electronically through the Commission's Electronic Tariff Filing System ("ETFS"), in accordance with Section 61.13(b) of the Commission's rules and regulations. 47 C.F.R. § 61.13(b). The statutory processing fee in the amount of \$925.00 is being delivered via overnight mail to the Federal Communications Commission (Tariff Filings, P.O. Box 979091, St. Louis, MO 63197-9000) along with the original transmittal letter and FCC Form 159.

Should you have any questions concerning this matter, please contact James U. Troup at (703) 812-0511. Petitions or comments should be faxed to (703) 812-0486.

Sincerely,

A handwritten signature in black ink, appearing to read "James U. Troup", is written over the printed name.

James U. Troup

Counsel for
Iowa Network Services, Inc.

Attachments



1300 NORTH 17th STREET, 11th FLOOR
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May 17, 2017

FILED ELECTRONICALLY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Attention: Wireline Competition Bureau

Transmittal No. 35

FRN: 0002-5807-10
Iowa Network Services, Inc.

FRN: 0005-0110-69
Fletcher, Heald & Hildreth

Dear Ms. Dortch:

The accompanying tariff material, issued on behalf of Iowa Network Access Division ("INAD"), and bearing Tariff F.C.C. No. 1, Access Services, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended.

This filing, containing tariff material to become effective on May 20, 2017, consists of tariff pages as indicated on the following check sheets:

Tariff F.C.C. No.
1

Check Sheet Revision No.
31st Revised Page 1
15th Revised Page 1.1

Pursuant to Special Permission No. 17-06, this filing adds a new volume discount plan and withdraws certain tariff regulations before they become effective.

This filing has been submitted electronically through the Commission's Electronic Tariff Filing System. The statutory processing fee in the amount of \$925.00 and Form 159 will be

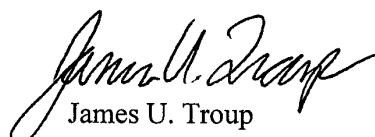
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Marlene H. Dortch, Secretary
May 17, 2017
Page 2

submitted electronically to the U.S. Bank in St. Louis, Missouri through the FCC's fee filer system contemporaneously with this transmittal.

Should you have any questions concerning this matter, please contact James U. Troup at (703) 812-0511.

Sincerely,



James U. Troup

Counsel for
Iowa Network Services, Inc.

Attachments

PUBLIC VERSION

IOWA NETWORK ACCESS DIVISION

TARIFF F.C.C. NO. 1
31st Revised Page 1
Cancels 30th Revised Page 1

CENTRALIZED EQUAL ACCESS SERVICE

CHECK SHEET

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3	Original	30	Original	56	1st	81	Original
4	1st	31	Original	57	Original	82	Original
5	3rd	32	Original	58	1st	83	2nd
6	3rd	33	1st	59	1st	84	1st
7	1st	34	Original	60	Original	85	1st
8*	3rd	35	Original	61	3rd	86	2nd
8.1*	1st	36	Original	61.1	Original	87	1st
9	Original	37	2nd	62	1st	87.1	Original
10	1st	38	1st	63	3rd	88	4th
11	2nd	39	3rd	63.1	1st	88.1	Original
12	2nd	40	3rd	64	1st	88.2	Original
13	7th	40.1	Original	64.1	2nd	89	4th
13.1	1st	41	Original	65	2nd	89.1	1st
14	1st	42	1st	66	Original	89.2	1st
15	1st	43	3rd	67	Original	89.3	1st
16	2nd	43.1	Original	68	Original	89.4	1st
17	Original	44	Original	69	1st	90	2nd
18	Original	45	1st	69.1	1st	91	Original
19	1st	46	1st	70	Original	92	2nd
20	1st	46.1	Original	71	Original	93	2nd
21	2nd	47	Original	72	3rd	94	1st
21.1	1st	48	Original	72.1	1st	95	1st
22	Original	49	Original	73	1st	96	1st
23	Original	50	1st	74	Original	97	1st
24	Original	51	2nd	75	Original	98	1st
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102	Original	129.1	1st	146.12*	1st	162	Original
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106	Original	136	2nd	146.19*	1st	169	Original
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108	2nd	136.1.1	Original	146.21*	1st	171	Original
109	Original	136.2	1st	147	1st	172	Original
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111	Original	138	2nd	148	4th	174	1st
112	1st	139	1st	148.1	Original	175	Original
113	1st	140	2nd	149	4th	176	Original
114	1st	140.1	Original	149.1	1st	177	1st
115	1st	141	1st	150	4th	178	1st
116	1st	142	3rd	150.1	Original	179	Original
117	Original	143	Original	151	4th	180	1st
118	1st	144	Original	151.1	2nd	181	1st
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119	1st	146*	2nd	152	3rd	183	Original
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120.1	2nd	146.2*	1st	153.1	2nd	185	Original
121	1st	146.3*	1st	153.2	Original	186	Original
122	Original	146.4*	1st	154	3rd	187	Original
123	Original	146.5*	1st	155	4th	188	Original
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CENTRALIZED EQUAL ACCESS SERVICE6. Switched Access Service (Cont'd)6.7 Rate Regulations (Cont'd)6.7.1 Description and Application of Rates and Charges (Cont'd)

(D) Reserved for Future Use

(E) Reserved for Future Use

(F) Application of the Switched Transport Rate

The Switched Transport rate applies per access minute.

6.7.2 Minimum Period

Switched Access Service is provided for a minimum period of one (1) month.

6.7.3 Volume Discount Plan

The volume discount plan establishes a switched transport rate of \$0.00649 per access minute per month for Customers with a minimum monthly usage volume of at least 25 million interstate interlata terminating minutes-of-use and 80% or greater utilization of each trunk group. The switched transport rate specified in section 6.8.1.(A) will apply to all access minutes less than the minimum usage volume specified above. The Customer's request for this discount plan will commence upon a signed service agreement between Iowa Network and the Customer.

(N)(X)

(N)(X)

6.7.4 Reserved for Future Use6.7.5 Change of Feature Group Type

Changes from one type of Feature Group to another will be treated as a discontinuance of one type of service and a start of another. When a customer upgrades a Feature Group B service to Feature Group D service, minimum period obligations will not change, i.e., the time elapsed in the existing minimum period obligations will be credited to the minimum period obligations for Feature Group D service. For all other changes from one type of Feature Group to another, new minimum period obligations will be established.

6.7.6 Reserved for Future Use

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7. Reserved for Future Use

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Exhibit 48

**Declaration of John W. Habiak
(filed August 16, 2016)**

**HIGHLY CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 49

**AT&T-SDN Service Agreement
(dated Sept. 18, 2014)**

**HIGHLY CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 50

**Schedule A Agreement, GLCC
(Aureon_00169)
(dated May 27, 2009)**

**CONFIDENTIAL MATERIALS
OMITTED**

Exhibit 51

**Schedule A Agreements, GLCC
(Aureon_00139-51)
(dated July 27 – Dec. 8, 2011)**

**CONFIDENTIAL MATERIALS
OMITTED**

Exhibit 52

**AT&T Supp. Brief,
*AT&T Corp. v. Great Lakes
Commc'ns Corp.*,
FCC Docket No. 16-170
(filed Jan. 10, 2017)**

**THIRD PARTY HIGHLY
CONFIDENTIAL
MATERIALS OMITTED**

Exhibit 53

**Letter from James U. Troup &
Brian D. Robinson to Sherly Todd
(dated Apr. 30, 1998)**

ARTER & HADDEN_{LLP}

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April 30, 1998

Ms. Sheryl Todd
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
2100 M Street, N.W., 8th Floor
Washington, D.C. 20554.

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APR 30 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: **Iowa Network Services, Inc.**
Rural Carrier Self-Certification
CC Docket No. 96-45

Dear Ms. Todd:

Iowa Network Services, Inc. (INS), by its attorney and pursuant to *Public Notice*, DA 97-1748 (rel. Sept. 22, 1997) hereby certifies that it qualifies as a "rural telephone company" as that term is defined in section 3(37) of the Communications Act, as amended (47 U.S.C. §153(37))(the Act)¹. As demonstrated below, INS meets the definition of a rural telephone company.

INS is authorized by the FCC to provide centralized equal access services in the state of Iowa. *See Iowa Network Access Division*, 3 FCC Rcd 1468 (1988). Thus, INS provides exchange access services to interexchange carriers and therefore meets the definition of a local exchange carrier which is defined as "any person engaged in the provision of telephone exchange service or exchange access."² INS meets the definition of a rural telephone company under Section 3(37)(A)(i) of the Act because INS provides common carrier service to local exchange carrier study areas that do not include any incorporated place of 10,000 inhabitants or more, or any part thereof, based on Census Bureau data. In support of this certification, INS provides

¹ INS has not asked the Iowa Utilities Board to certify it to be a rural telephone company and the Iowa Utilities Board has not addressed such certification on its own motion or otherwise.

² 47 U.S.C. §153(26) (emphasis supplied). Exchange access is the "offering of access to telephone exchange services or facilities for the purpose of origination or termination of telephone toll services. 47 U.S.C. §153(16).

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ARTER & HADDEN

Ms. Sheryl Todd
April 30, 1998
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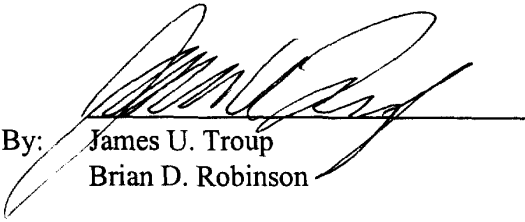
Attachment A which includes the names of INS' member local exchange carriers, their exchange locations, and 1990 Census data for the communities served by the listed exchanges.

INS also meets the definition of a rural telephone company under Section 3(37)(D) because INS did not operate any access lines in communities of more than 50,000 as of December 31, 1997. In support of this assertion, Attachment A includes current access line counts for each exchange served by INS member companies. As demonstrated in Attachment A, none of the listed exchanges serves a community of more than 50,000. INS further certifies that as of December 31, 1997, INS did not operate access lines serving communities of 50,000 or more.

Should you have questions concerning this matter, please contact the undersigned.

Respectfully submitted,

IOWA NETWORK SERVICES, INC.

By: 
James U. Troup
Brian D. Robinson

Its Attorneys

PUBLIC VERSION

ATTACHMENT A

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
ACE TELEPHONE ASSN	CLERMONT	503	n/a
	FORT ATKINSON	617	367
	HARPERS FERRY	666	284
	OSSIAN/CASTALIA	1,011	810
	WATERVILLE	553	140
ALPINE COMM. L. C.	ELGIN	609	637
	ELKADER	1,519	1,510
	GARNAVILLO	710	727
	GUTTENBERG	2,112	2,257
	McGREGOR	1,103	797
AMANA COLONIES TEL CO	AMANA	1,386	1,678
ARCADIA TELEPHONE COOP	ARCADIA	383	485
ATKINS TELEPHONE CO	ATKINS	640	637
AYRSHIRE FARMERS MUTUAL	AYRSHIRE	258	195
	GILLETTE GROVE	103	67
BALDWIN-NASHVILLE TEL	BALDWIN	330	137
BARNES CITY COOP TEL CO	BARNES CITY	163	221
BERNARD TELEPHONE CO	BERNARD	608	123
BRED A TELEPHONE CORP	BREDA	635	467
	LIDDERDALE	202	202
BROOKLIN MUTUAL TELCO	BROOKLYN	1,540	1,439
BUTLER-BREMER MUTUAL	FREDERIKA	296	188
	PLAINFIELD	783	455
	TRIPOLI	1,007	1188
C-M-L TELEPHONE COOP	ARCHER	167	145
	CLEGHORN	247	275
	LARRABEE	196	175
	MERIDEN	187	193
CASCADE TELEPHONE CO	CASCADE	1,479	1,812
	OTTER CREEK	157	N/A
CASEY MUTUAL TELCO	CASEY	481	441
CENTER JUNCTION TELCO	CENTER JUNCTION	154	166
CENTRAL SCOTT TELCO	DONAHUE	339	316
	ELDRIDGE	4,094	3,378
	McCAUSLAND	281	308
CITIZENS MUTUAL	BLOOMFIELD	2,290	2,580
	DRAKESVILLE	439	172
	FLORIS	447	172
	MARK	289	N/A
	PULASKI	436	262

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
CLARENCE TELEPHONE CO	CLARENCE	842	936
CLARKSVILLE TELEPHONE	CLARKSVILLE	950	1382
CLEAR LAKE IND TELCO	CLEAR LAKE	6,386	8,183
COLO TELEPHONE CO	COLO	680	771
COON CREEK TELCO	BLAIRSTOWN	617	672
COON VALLEY COOP	MENLO	518	356
COOP TELEPHONE EXCH	KAMRAR STANHOPE	210 471	203 447
COOPERATIVE TELCO	GUERNSEY HARTWICK LADORA VICTOR	228 137 329 850	70 115 308 966
CORN BELT TELCO	WALL LAKE	785	875
CUMBERLAND TELCO	CUMBERLAND	433	295
DANVILLE MUTUAL TELCO	DANVILLE	957	926
DEEP RIVER MUTUAL	DEEP RIVER	306	345
DEFINACE TELCO	DEFIANCE	273	312
DIXON TEL CO	DIXON	595	228
DUMONT TEL CO	DUMONT	805	705
ELLSWORTH COOP TEL ASSN	ELLSWORTH GARDEN CITY	577 150	451 N/A
FARMERS & BUSINESSMENS	CALAMUS WHEATLAND	443	379 723
FARMERS COOP TEL CO	CLUTIER DYSART	276 1,055	219 1,230
FARMERS MUTUAL COOP-HARLAN	EARLING HANCOCK HARLAN RURAL IRWIN JACKSONVILLE KIRKMAN WESTPHALIA	400 243 447 390 154 143 187	466 201 N/A 394 N/A 98 144
FARMERS MUTUAL COOP- MOULTON	MOULTON	561	613

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
FARMERS MUTUAL TELCO-NORA SPRINGS	FLOYD	346	359
	NORA SPRINGS	953	1,505
	ROCKFORD	706	863
	RUDD	436	429
FARMERS MUTUAL COOP-SHELLSBURG	ALBURNETT	468	459
	BENTON TWNSHP	562	N/A
	SHELLSBURG	908	765
	URBANA	562	595
FARMERS TEL CO BATAVIA	BATAVIA	444	520
FARMERS TEL CO ESSEX	ESSEX	774	916
FARMERS TEL CO NRSP	LITTLE CEDAR	67	N/A
	NEW HAVEN	166	N/A
	PLYMOUTH	512	453
	RICEVILLE	962	827
GRAND MOUND TEL COOP	GRAND MOUND	579	619
GRAND RIVER MUTUAL	ALLERTON	568	599
	BLOCKTON	228	213
	DAVIS CITY	334	257
	DERBY	165	135
	GARDEN GROVE	246	229
	GRAND RIVER	232	171
	LAMONI	1,394	471
	LEON	1,753	2,047
	LINEVILLE	422	289
	MILLERTON	274	44
	THAYER	112	79
	WELDON	432	151
GRISWOLD COOP TEL CO	ELLIOTT	431	399
	GRANT	170	123
	GRISWOLD	1,049	1,049
	LEWIS	361	433
HAWKEYE TEL CO	HAWKEYE	532	460
HEART OF IOWA TEL COOP	ALBION	336	585
	FERGUSON	159	166
	GREEN MOUNTAIN	232	N/A
	HAVERHILL	203	144
	LISCOMB	220	258
	NEW PROVIDENCE	261	240
	UNION	584	448

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
HILLS TELEPHONE CO	ALVORD	209	204
	HILLS	3	662
	INWOOD	726	824
	LARCHWOOD	648	739
	LESTER	250	257
	STEEN	8	N/A
	VALLEY SPRINGS	5	N/A
HOSPERS TEL.EXCHANGE	HOSPERS	694	643
HUBBARD COOP TEL ASSN	HUBBARD	781	814
HUXLEY COOP TEL CO	HUXLEY	1,452	2,047
	KELLEY	212	246
IAMO TELEPHONE CO	COIN	305	278
	NORTHBORO	166	78
INTERSTATE 35 TEL CO	ST CHARLES	553	537
	ST MARYS	191	113
	TRURO	391	391
JEFFERSON TEL CO	JEFFERSON	3,270	4,292
JORDAN SOLDIER VLY COO	SOLDIER	359	205
KEYSTONE FARMERS COOP	ELBERON	171	203
	GARRISON	315	320
	KEYSTONE	534	568
LA PORTE CITY TEL CO	LAPORTE CITY	1,771	2,128
	MOUNT AUBURN	181	134
LAUREL TEL CO. INC.	LAUREL	296	271
LEHIGH VLY COOP ASSN	CALLENDAR	362	384
	DAYTON	708	818
	HARCOURT	261	306
	LEHIGH	592	536
LOST NATION-ELWOOD TEL	LOST NATION	728	467
	OXFORD JUNCTION	728	581
LYNNVILLE COMM TEL CO	LYNNVILLE	323	393
MANILLA TEL CO	MANILLA	607	898
MARNE & ELK HORN TEL	BRAYTON	219	148
	ELKHORN	719	672
	KIMBALLTON	368	289
	MARNE	173	149
MASSENA TEL CO	MASSENA	508	372
	WIOTA	202	160
MECHANICSVILLE TEL CO	MECHANICSVILLE	846	1,078

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
MEDIAPOLIS TEL CO	DODGEVILLE	446	N/A
	KINGSTON	262	N/A
	MEDIAPOLIS	1,211	1,637
MID IOWA TEL COOP	GILMAN	513	536
	KELLOGG	622	626
MINBURN TELCO	MINBURN	459	346
MINERVA VALLEY TELCO	CLEMONS	284	173
	ZEARING	484	614
MONTEZUMA MUTUAL TELCO	MONTEZUMA	1,962	1,651
MUTUAL OF MORNING SUN	MORNING SUN	656	841
MUTUAL TELCO	SIOUX CENTER	3,827	5,074
NORTHEAST IA TELCO	FARMERSBURG	254	291
	MONONA	1,478	1,520
	ST OLAF	193	125
NORTHERN IA TELCO	GRANVILLE	338	298
	HINTON	516	697
	LITTLE ROCK	463	493
	MATLOCK	114	92
	MAURICE	268	243
	SANBORN	986	1,345
NORTHWEST IA TEL CO	SALIX	435	367
	SERGEANT BLUFFS	2,177	2,772
	SLOAN	733	938
NORTHWEST TEL COOP ASSN	CURLEW	83	56
	HAVELOCK (2)	245	217
	PLOVER	113	101
	WEST BEND	759	862
OLIN TELCO	MORLEY	210	85
	OLIN	616	663
ONSLow COOP TEL ASSN	ONSLow	249	216
ORAN MUTUAL TELCO	ORAN	263	N/A
PALMER MUTUAL TELCO	PALMER	327	230
PANORA COOP TEL ASSN	PANORA	1,750	1,100
PRAIRIE TELEPHONE CO.	PACIFIC JCT	403	548
	YALE	346	220
PTI COMMUNICATIONS	POSTVILLE	1,584	1,472
RADCLIFFE TELCO, INC	RADCLIFFE	569	574
READLYN TELCO	READLYN	751	773

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
RINGSTED TELCO	RINGSTED	453	481
RIVER VALLY TEL COOP	GRAETTINGER WALLINGFORD	709 251	813 253
ROCKWELL COOP TEL ASSN	AREDALE BRISTOW DOUGHERTY ROCKWELL	139 210 163 819	85 197 107 1,008
RUTHVEN TEL EXCH CO	RUTHVEN	874	707
SAC COUNTY MUTUAL TEL	ARTHUR ODEBOLT	214 904	272 1,158
SCHALLER TELCO	CUSHING GALVA KIRON SCHALLER	269 378 403 755	241 398 301 768
SCRANTON TELEPHONE CO.	SCRANTON	513	583
SHELL ROCK TELCO	SHELL ROCK	1,001	1,385
SOUTH SLOPE COOP TELCO	ELY FAIRFAX NEWHALL NORTH LIBERTY NORWAY	1,940 1,172 628 3,480 881	517 780 854 3,666 583
SOUTHWEST TEL EXCH	EMERSON HENDERSON IMOGENE	401 220 114	476 206 88
STRATFORD MUTUAL TELCO	STRATFORD	748	715
SULLY TEL ASSN	REASNOR SULLY	276 773	191 841
TEMPLETON TELCO	TEMPLETON	378	321
TERRIL TELCO	TERRIL	430	383
UNITED FARMERS TELCO	EVERLY	649	706
UNIVERSAL COMM OF ALSN	ALLISON	824	1,000
VAN BUREN TELCO, INC	BIRMINGHAM BONAPARTE CANTRIL KEOSAQUA MOUNT STERLING STOCKPORT	400 501 244 1,101 74 379	386 465 271 1,020 53 260
VAN HORNE COOP TELCO	VAN HORNE	691	695
VENTURA TELCO, INC.	VENTURA	522	590

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
WALNUT TELCO	WALNUT	522	857
WEBB-DICKENS TEL CORP	DICKENS	230	214
	WEBB	248	167
WEBSTER-CALHOUN COOP	BADGER	391	569
	BARNUM	171	174
	BOXHOLM	216	214
	CHURDAN	408	423
	CLARE	301	183
	DUNCOMBE	416	488
	FARNHAMVILLE	369	414
	GOWRIE	767	1,028
	KNIERIM	102	71
	LANYON	60	N/A
	MOORLAND	274	209
	PATON	304	255
	PILOT MOUND	181	199
	SOMERS	205	161
	THOR	211	205
	VINCENT	213	185
WEST IOWA TELCO	ALTON	656	1,063
	ANITA	833	1,048
	MARCUS	949	1,171
	QUIMBY	328	334
	REMSEN	1,311	1,513
	SUTHERLAND	740	714
WEST LIBERTY TELCO	WEST BRANCH	1,759	1,908
	WEST LIBERTY	1,839	2,935
WESTERN IOWA TEL ASSN	BRONSON	293	209
	CASTANA	315	159
	CLIMBING HILL	223	N/A
	HORNICK	301	222
	LAWTON	629	482
	MOVILLE	1,063	1,306
	OTO	140	118
	SMITHLAND	346	252
WESTSIDE IND TELCO	WESTSIDE	371	348
WILTON TELCO	WILTON	1,971	2,577

PUBLIC VERSION

<u>Company Name</u>	<u>Exchange</u>	<u>Access Lines</u>	<u>Population</u>
WINNEBAGO COOP TEL ASSN	BUFFALO CTR RUR	199	N/A
	BUFFALO CTR URB	590	1,081
	CRYSTAL LAKE	295	266
	EMMONS (SOUTH)	114	N/A
	FERTILE	339	382
	FOREST CITY (R)	548	N/A
	FOREST CITY (U)	548	4,430
	GRAFTON	304	282
	HANLONTOWN	176	193
	JOICE	295	245
	KENSETT	335	298
	LAKE MILLS	1,622	2,143
	LELAND	317	311
	RAKE	253	238
	SCARVILLE	216	92
	THOMPSON	572	498
	WODEN	275	259
WOOLSTOCK MUTUAL TEL	WOOLSTOCK	269	212
WYOMING MUTUAL TELCO	WYOMING	703	659

PUBLIC VERSION

<u>COMPANY NAME</u>	<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>POPULATION</u>
ACE TELEPHONE ASSN	HIGHLANDVILLE NEW ALBIN	143 504	N/A 534
ANDREW TELEPHONE CO	ANDREW	339	319
BREDA TELEPHONE CORP.	MACEDONIA	208	262
COON VALLEY COOP	NEVINVILLE	208	N/A
EAST BUCHANAN TEL CO	AURORA QUASQUETON WINTHROP	410 518 737	196 579 742
FENTON COOP TEL CO	FENTON	350	346
FRONTIER OF WOODWARD	WOODWARD	1,647	1,197
GOLDFIELD TEL CO	GOLDFIELD	690	710
KALONA COOP TEL CO	KALONA	1,822	1,942
LONE ROCK COOP TEL CO	LONE ROCK	293	185
MARTELLE COOP TEL ASSN	MARTELLE	361	290
MILES COOP TEL ASSN	MILES	707	409
MILLER TELEPHONE CO	MILLER	110	N/A
MODERN COOP TEL CO	KESWICK KINROSS MILLERSBURG SOUTH ENGLISH	268 87 275 333	284 89 188 224
NORTH ENGLISH COOP TEL	NORTH ENGLISH	838	944
NORWAY RURAL TELCO	KANAWHA	674	763
OGDEN TELCO	OGDEN	1,777	1,909
PALO COOP TEL ASSN	PALO	1,429	514
PEOPLES TELCO	AURELIA	856	1,034
PRAIRIE TELEPHONE CO.	FARRAGUT	438	498
PRAIRIEBURG TELCO, INC	PRAIRIEBURG	235	213
PRESTON TELCO	GOOSE LAKE PRESTON	170 1,046	221 1,025
SHARON TELCO	HILLS SHARON CENTER	558 543	662 N/A
SPRINGVILLE COOP TEL	SPRINGVILLE	1,174	1,068
SWISHER TELCO	SWISHER	698	645

PUBLIC VERSION

<u>COMPANY NAME</u>	<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>POPULATION</u>
THE BURT TELCO	BURT	493	575
TITONKA TELCO	TITONKA	663	612
WELLMAN COOP TEL ASSN	WELLMAN	1,410	1,085

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